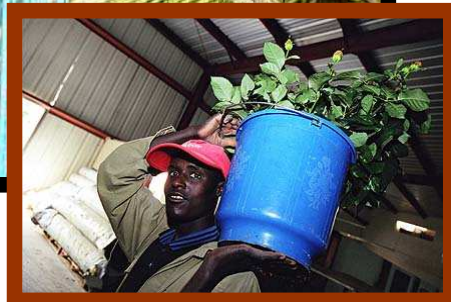




International Labour Organization

Operationalizing Pro-Poor Growth in Ethiopia



Swedish International Development Agency

November 2008

Final evaluation report

**INT/05/02/SID ILO Sweden Partnership Programme – Employment Sector
Component**

Project title: Operationalizing Pro-Poor Growth in Ethiopia

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Independent evaluators: Theresa SMOUT and Kaj THORND AHL

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Abbreviations

CETU:	Confederation of Ethiopian Trade Unions
DWCP:	Decent Work Country Programme
EEF:	Ethiopian Employers' Federation
ExCom:	Executive Committee (UN Agency)
HDI:	(UN) Human Development Index
IFAD:	International Fund for Agricultural Development
MoFED:	Ministry of Finance and Economic Development
MoLSA:	Ministry of Labour and Social Affairs
MOTI:	Ministry of Trade and Industry
MoU:	Memorandum of Understanding
MSEs:	Micro and Small Enterprises
OECD:	Organization for Economic Cooperation and Development
OSH:	Occupational Safety and Health
NEPS:	(Ethiopian) National Employment Policy and Strategy
PAC:	Project Advisory Committee
PASDEP:	Plan for Accelerated and Sustained Development to End Poverty
SIDA:	Swedish International Development Agency
SDPRP:	Sustainable Development and Poverty Reduction Programme
SRO:	(ILO) Sub-Regional Office (Addis Ababa)
UNDAF:	United Nations Development Assistance Framework
WMSP:	Welfare Monitoring System Programme
WTO:	World Trade Organization

EVALUATION SUMMARY

Quick facts

Country:	Ethiopia
Mid-term/Final Evaluation:	Final, November 2008
Mode of Evaluation:	Independent
Technical Area:	Employment
Evaluation management:	EMP/INVEST
Evaluation Team:	Theresa Smout (Team Leader) and Kaj Thorndahl
Project Start:	February 2006
Project End:	September 2008
Project Code:	Ethiopia component of project INT/05/02/SID
Donor:	SIDA / US\$ 461,153
Keywords:	national employment policy, poverty reduction, women's entrepreneurship, value chain analysis, labour-based methods, occupational safety and health.

Background and context

The Pro-poor Project was originally conceived and formulated at ILO HQs as an integrated regional project, covering Ethiopia and Madagascar. The project was funded by SIDA through a bilateral agreement between the donor's head office in Stockholm and ILO Headquarters in Geneva. It took direction from the Action Plan of the AU Extraordinary Summit in 2004, and was intended to feed in to a larger Decent Work Country Programme in Ethiopia supporting poverty reduction efforts in the country. There were three main components to the project, addressing issues related to the demand and supply sides of the labour market at the macro, meso and micro levels. Component I supported the development of a national employment policy, engaging the views of a broad range of key stakeholders at the national level as input to the process. Policy inputs were informed by operational experience emerging from components II and III, and in turn, contributed to their further development. Component II developed interventions to improve the employability of workers and the competitiveness and market access of MSEs, while Component III promoted the participation of the poor in the infrastructure sector, by undertaking comparative studies on the cost-effectiveness of labour-based methods, and addressing policy and regulatory issues. The latter two components provided additional support to skills development and association-building among MSEs.

Technical experts in a number of key departments within the ILO's Employment Sector contributed to the design and part-management of interventions. Senior specialists (Lead Focal Points) in the ILO Sub-Regional Office were responsible for adapting the project concept to the country context and overseeing actual implementation, with the support of the SRO's programming and finance administrative units. A Project Advisory Committee, comprising senior officials of key Ministries, the social partners and the main stakeholders, supervised implementation and ensured synergy with Ethiopia's Plan for Accelerated and Sustained Development to End Poverty (PASDEP).

Present status of the project

The project came to an end September 2008, but the ILO will provide bridge financing to continue broad-based consultations (at district level) on a draft employment policy (Component I). Under Component II, additional work on market access, micro-credit and possibly updated machinery is planned with support from other ILO projects. And the Ethiopian Road Authority and Road Fund are very keen to work closely with the ILO on future road construction and maintenance projects, and may even be in a position to contract ILO expertise (Component III).

Purpose, scope and clients of the evaluation

The purpose of the evaluation mission was to assess what the project had achieved, what long-term impact could be gauged, and from that assessment derive lessons learnt to inform future programming. The scope of the evaluation was to be comprehensive; looking into aspects related to institutional arrangements and links with other development initiatives on the ground. The evaluation's principal clients are SIDA and the ILO, but the report is written for a wider audience that chiefly includes the Government of Ethiopia.

Methodology of evaluation

The review selected three main criteria on which the project's performance and achievements were to be assessed. The first looked at whether the project's objectives were consistent with the priorities set out in the PASDEP employment pillar (relevance); the second, how well the project performed against objectives set (effectiveness), and the third, how well resources (expertise, time and funding) were used to achieve results (efficiency). Impact was defined as the extent to which the project had managed to contribute to a change that would ultimately make a difference in the lives of the working poor. In this respect, the results reported on by project end were assessed. Underpinning an assessment of the project's performance and achievements were factors related to gender equality (and/or women's empowerment), the potential for sustainability of gains made thus far, and the scope for up-scaling interventions for wider impact. By structuring questions to provide feedback on the above, the evaluation was able to compensate for the lack of baseline data with which to objectively measure performance and achievements. It also enabled the mission to explore commonalities and variations on responses, and to gain deeper insight into challenges that arose, for the benefit of future programming.

Main findings and conclusions

Although the project has come to an end officially, it reached a critical milestone on the employment front in Ethiopia. Continued ILO support will be decisive in the coming months to see through processes that are mid-way, and that will lead to important outcomes including the adoption of a National Employment Policy. This is because so far, the ILO is the lead agency taking the employment policy forward, advocating for labour-based methods in road construction and maintenance, and

demonstrating how productivity and employability gains can be made in the traditional weaving sector that is beset with numerous challenges. While the capacity of MoLSA and the social partners is being strengthened so that they can take up the lead role, the ILO will need to sustain efforts to ensure momentum is not lost and outcomes are successfully achieved. What the organization could additionally do, is engage fully in broader processes at country level, that will allow the SRO to tap in to capacity surpluses in other organizations to make up for funding or expertise constraints, while leveraging its own capacity as strategically as possible.

Overall, the resources made available through this project can be said to have had a high return for the investment made and given the relatively short timeframe assigned to the project when it was designed. The project managed to achieve almost all of the outputs it had set out to achieve, with the exception of policy/technical briefs, and with the adjustment of two other outputs under Components I and III as outlined in earlier sections of this report. Expenditure at project end amounted to US\$ 282,506 or just past 60% of the project's original budget of US\$ 461,153.

Important lessons learned

Process matters and is context specific. Striking a balance between the development of project concepts at HQ and their elaboration at the field level is tricky, but for the project under review, the multi-country integrated approach did not work particularly well in the Ethiopian context. ILO HQs is recommended to do much more to address perception issues, as it retained final say on every aspect of project execution. Even with the best of intentions, such an arrangement will effortlessly come across as being 'top heavy' with too much input directed from a centre that is far removed from local reality. The balance will need to make use of the value that experts located at ILO HQs bring to complex employment challenges, while giving much of the lead on programming to senior management and experts in the SRO.

Decentralizing project management fully will enhance field execution. Decentralization is not a new issue to the ILO, which implies there are specific reasons for not seeing this trend happen in certain circumstances. Since the ILO HQ perspective was not included in the evaluation's TOR, the recommendation is left somewhat open: together with SRO management, ILO Geneva may wish to look at the feasibility of decentralizing project management once more, and frame this within the context of ground work leading up to the launch of a DWCP. Undertaking a capacity assessment of the field office would be a necessary part of decentralization.

From stand-alone projects that pilot approaches to country programmes linked to sector-wide activity. It is clear to a range of national partners that the natural progression of ILO support is now towards integrated support across a number of sectors, addressing employment challenges more holistically and linking impact to growth and poverty reduction more broadly. This is in fact how the ILO is moving forward, with the development of a DWCP for Ethiopia.

What is critical is for key sectors and policy areas to be identified for focused, long-term support and for a donor such as SIDA to commit resources for an extended period of time, e.g. for the remaining years of the current PASDEP, with a view to continuing support in the next phase of the PASDEP. This would be the same timing that the UNDAF is aligned to. Focused support on a minimum number of sectors that either have a high growth and job creation potential, or in which a large number of working poor (particularly women) are currently earning a livelihood is sound. The provisional DWCP has taken this approach, and will certainly benefit from what has so far been accomplished through the Pro-Poor Project.

The aid environment in Ethiopia lends itself to wider partnerships at country level; but social dialogue and tripartism could be a more visible part of broader policy-making processes.

Among its traditional social partners, the ILO is well-regarded even though it was apparent that among the employers and workers organizations interviewed there was limited knowledge of the project under review. The ILO may wish to consider investing in a significant strengthening of the social partners' capacity so that social dialogue and tripartism – the bedrock of ILO technical cooperation – is much more visible and able to bring influence to bear on important employment-related processes. As the DWCP evolves, the ILO could additionally identify and bring on board perspectives from national and development partners (including the UN System) who are embedded in various processes supporting PASDEP implementation. This will bring much needed critical perspective on leveraging the ILO's comparative advantage, and positioning support through a DWCP to the PASDEP employment pillar.

1. INTRODUCTION

1.1 Project Background

Ethiopia is among the countries considered the poorest in the world: 169 out of 177 countries on the UN Human Development Index¹; for Africa, Ethiopia is 9th in the list of 10 countries with the lowest HDI scores. The country's development challenges are daunting, and although it has a surplus of labour and ample land, these factors of production are not yet working fully in its favour. Population growth now outstrips gains made on the economic front: the resource base is unable to cope with an ever-increasing demand for service delivery and is unable to generate a sufficient number of jobs to absorb the under- and unemployed (particularly youth and women). Periodic spells of drought and subsequent food insecurity routinely undermine development gains.

Despite impressive growth rates in recent years, averaging just below 12%, the country thus remains highly dependent on aid, particularly in periods of drought when food aid becomes an urgent necessity. In this context of extreme poverty and vulnerability, a number of development priorities compete for limited resources and thus require a coordinated approach to development assistance. Infrastructural development is needed to attract investment, particularly to the rural and more remote areas of the country, in addition to institution-building and reform to improve Government as well as public-private partnerships. These priorities compete with social development concerns: human capital development through education and skills training (particularly for women); HIV/AIDS prevention and response; improving children's health and nutrition needs, reversing maternal mortality, and improving access to safe drinking water and sanitation.

Since 2005, the country has been implementing a five year Plan for Accelerated and Sustained Development to End Poverty (PASDEP). The overarching PASDEP takes forward progress made during the implementation of the country's first Sustainable Development and Poverty Reduction Programme (2000-2003), and makes operational Government's efforts to accelerate progress towards achievement of the Millennium Development Goals. PASDEP has eight principal pillars, of which one covers employment. It represents the principal development framework around which bilateral and multilateral partners, including the UN System, rally support.

As part of its technical cooperation support to the PASDEP employment pillar, a project entitled "Operationalizing Pro-Poor Growth in Ethiopia" was implemented by the ILO in partnership with

¹ 2005 figures, published in 2007.

Government, the social partners and national research and capacity-building institutions. The project took direction from the Action Plan of the AU Extraordinary Summit in 2004, and was intended to feed in to a larger Decent Work Country Programme in Ethiopia supporting poverty reduction efforts in the country. It had three main components that addressed labour market supply and demand, with interventions undertaken at the macro, meso and micro levels. Component I supported the development of a national employment policy, engaging the views of a broad range of key stakeholders at the national level as input to the process. Policy inputs were informed by operational experience emerging from components II and III, and in turn, contributed to their further development. Component II developed interventions to improve the employability of workers and the competitiveness and market access of MSEs, while Component III promoted the participation of the poor in the infrastructure sector, by undertaking comparative studies on labour-based vs. equipment-intensive methods, and addressing policy and regulatory issues. The latter two components provided additional support to skills development and association-building among MSEs.

An MOU signed in January 2007 between the ILO and the Government of Ethiopia served as the principal agreement between the parties, setting out respective obligations and responsibilities with respect to the execution of the project. A requirement of the project agreement was the undertaking of a review mission to provide an objective view of what had been achieved, derive lessons learnt and formulate recommendations for future programming. This was further reiterated at an ILO-SIDA bilateral meeting in Geneva in January 2008. The evaluation was subsequently fielded during the second half of October 2008, and this report represents the mission's findings and recommendations.

1.2 Purpose and scope of the evaluation

The purpose of the evaluation mission was to assess what the project had achieved, what long-term impact could be gauged, and from that assessment derive lessons learnt to inform future programming. The scope of the evaluation was to be comprehensive; looking into aspects related to institutional arrangements and links with other development initiatives on the ground, and the extent to which the project was able to reinforce in-country capacity on employment policy development. The evaluation was further asked to:

- draw lessons learned regarding the degree of coherence between this type of initiative and the priorities of the Ethiopian development policy and strategies defined by Sweden and the ILO; and
- identify possible synergies and formulate more general recommendations on possible collaboration between Sweden and the ILO within the framework of an economic growth policy conducive to poverty reduction, employment promotion and decent work.

Special focus areas included looking into how well gender equality concerns were integrated, and the project's potential for sustainability and scaling up. The mission's full Terms of Reference are attached as Annex I.

1.3 Evaluation clients

The main clients of the evaluation are the Swedish International Development Agency (both HQ and Addis Ababa) and the ILO (HQ and the Sub-Regional Office); but the report has been written for a wider audience including the Government of Ethiopia, the Project Advisory Committee (PAC), social partners and national stakeholders.

1.4 Evaluation methodology

The review selected three main criteria on which the project's performance and achievements were to be assessed. The first looked at whether the project's objectives were consistent with the priorities set out in the PASDEP employment pillar (relevance); the second, how well the project performed against objectives set (effectiveness), and the third, how well resources (expertise, time and funding) were used to achieve results (efficiency). Impact was defined as the extent to which the project had managed to contribute to a change that would ultimately make a difference in the lives of the working poor. In this respect, the project's achievements or results reported on by project end were assessed. Underpinning an assessment of the project's performance and achievements were factors related to gender equality (and/or women's empowerment), the potential for sustainability of gains made thus far, and the scope for up-scaling interventions for wider impact. By structuring questions to provide feedback on the above, the evaluation was able to compensate for the lack of baseline data with which to

objectively measure performance and achievements. It also enabled the mission to explore commonalities and variations on responses, and to gain deeper insight into challenges that arose, for the benefit of future programming.

In terms of data collection and analysis, the evaluation relied on principally two methods. The starting point was a desk review of secondary sources of information – project documents and related reports shared by ILO Geneva and the ILO Sub-Regional Office (SRO) in Addis Ababa, but also key documents produced by MoFED and the World Bank (see Annex IV). The latter provided additional context information and also allowed the mission to independently gauge variations in the ILO assessment of the project environment which may have influenced the design of interventions.

Information was also drawn from primary sources. Lead Focal Points for each of the three project components provided extensive briefings, and meetings were held with key stakeholders identified as the direct target group in the project document (see Annex II). Questions were kept either at the broad level, and/or went into very specific themes if information on relevance, effectiveness, efficiency and sustainability was not forthcoming. Questions related to institutional arrangements and links to dialogue structures promoting coordinated and coherent development partner support to the PASDEP were asked of stakeholders who were well aware of these arrangements and could share insights on how the project did, or should in the future link up. For a list of guiding questions, please see Annex III. Stakeholders were encouraged to be frank, and to communicate in Amharic if they were not fluent in English.

A site visit to the FeMSEDA training centre was arranged, in addition to a visit to the Shiro Meda traditional weaving area. The mission had envisaged travel to Tigray to discuss the project's outcomes with the regional government but due to a high level meeting in the region, it was not possible to secure air tickets on the limited flights available.

The evaluation was not able to fully capture all aspects of the project, however, as it was partly managed by ILO Headquarters which was not included in the review.

The mission followed principles set out in the UN Evaluation Norms and Standards. OECD/DAC Guidelines were additionally observed. At the end of the review mission, ILO SRO was formally debriefed, and the occasion provided the mission team with an opportunity to share and have an extended discussion on initial findings. An earlier draft of this report was circulated to all ILO experts involved with the project (both HQ and SRO), and comments were taken on board this final report.

1.5 Composition of the team

The mission comprised Theresa Smout and Kaj Thorndahl, independent consultants recruited by the ILO to undertake the review. In the lead evaluator role for Ethiopia, Theresa Smout had the primary responsibility for the preparation of a report on the evaluation's findings and recommendations. In addition to covering the SIDA perspective on the mission, and contributing to the report for Ethiopia, Kaj Thorndahl had the additional responsibility of drafting an apex report, summarizing both the experiences of Ethiopia and Madagascar. The mission was accompanied throughout by Mr. Urgessa Bedada, Programme Officer in the ILO SRO who contributed to discussions, clarifying technical or administrative issues related to the project, and providing the ILO perspective on continued support to activities in the interim. Although indicated in the Terms of Reference, it was not possible for a MoLSA official to join the evaluation team in its work. MoLSA was only able to participate in the mission's initial briefing with the Director of the ILO SRO, and in a second meeting held at the Ministry's office. The evaluation manager supporting the team was Christoph Ernst, Senior Economist, ILO EMP/INVESTS, Geneva.

The mission would like to thank the technical units in ILO Geneva, the evaluation manager, the lead focal points in ILO SRO, and the programme team managing the day-to-day schedule of the mission. The technical and logistical support provided by all is appreciatively acknowledged.

2. BACKGROUND AND PROJECT DESIGN

2.1 Context overview at the time of project design

Ethiopia had experienced steady growth rates of over 5% in the decade between 1992/93 to 2003/04, with higher growth rates recorded for the years thereafter. Despite this, significant development challenges persisted. Between 2000 and 2005, a modest 2.5% annual decline in the incidence of poverty was viewed as encouraging but insufficient to meet the MDG of halving poverty by 2015². With 31 million people, or just over 40% of its population living below the poverty line of 45 US cents a day³, a decline of at least 3.8% was considered necessary to meet this first MDG target. Ethiopia's high population growth of 2.9% has been attributed as a key contributing factor minimizing the effects of growth on poverty reduction, as the annual increase of 2 million people puts a considerable burden on the country's resources. Structural

² World Bank (2005) *Well-Being and Poverty in Ethiopia, the Role of Agriculture, Aid and Agency*, Report No. 29468-ET, Poverty Reduction and Economic Management, Africa Region. June 18 2005 – quoted in the ILO Technical Cooperation project document on *Operationalizing Pro-Poor Growth in Ethiopia*.

³ 2000 Poverty Analysis data quoted in the ILO Decent Work Country Programme: Employment Plan for Ethiopia.

bottlenecks in the economy that include a lack of basic infrastructure and under-developed markets have restricted the creation of new jobs and viable income earning opportunities, in both urban and rural areas.

As a result, and particularly in the rural areas where infrastructural development is very low, a significant majority of Ethiopians survive on low-skilled, low-productivity in smallholder agriculture and in the informal economy. With an ever-increasing population size, however, the average landholding plot has decreased in size over the years: from 0.5 hectares per person in the 1960s to 0.11 by 1999³. Women and youth are particularly vulnerable, given traditional practice that did not promote girls education and kept women in home-based work where they were able to take care of the needs of large families. Encouragingly, Government's policy push on basic education for all is beginning to show results in the inter-generational and gender-based transfer of poverty. But home-based women workers, particularly those in the traditional weaving sector, continue to work in very poor and steadily deteriorating conditions, given the lack of awareness and resources for investment in improved occupational safety and health.

Ethiopia's development is further challenged by the impact of HIV/AIDS which has placed the country sixth highest in the world in terms of the numbers affected. Evidence of extreme vulnerability changes dramatically from year to year, depending also on the impact of drought which affects not just food security but also livestock. IFAD estimates some 7 million people in Ethiopia derive a livelihood as herders⁴. A high incidence of vulnerability is taken to mean there is a greater chance of those who are not presently poor falling below the poverty line, and in the process losing the assets they once had that would have otherwise helped them to cope.

2.2 Project overview

The Pro-poor Project was originally conceived and formulated at ILO HQs as an integrated regional project, covering Ethiopia and Madagascar. The project was funded by SIDA through a bilateral agreement between the donor's head office in Stockholm and ILO Headquarters in Geneva. It took direction from the Action Plan of the AU Extraordinary Summit in 2004, and was intended to feed in to a larger Decent Work Country Programme in Ethiopia supporting poverty reduction efforts in the country. There were three main components to the project, addressing issues related to the demand and supply sides of the labour market at the macro, meso and micro levels. The three inter-related components (objectives) of the Pro-Poor Project were:

- Component I "Building a common policy understanding on operationalizing pro-poor growth" looked at integrating policies for productive employment into Ethiopia's PASDEP to demonstrate how a stronger employment focus could improve the positive effects of

⁴ <http://www.ifad.org/english/operations/pf/eth/index.htm>

economic growth. Policy inputs were informed by operational experience emerging from components II and III, and in turn, contributed to their further development.

- Component II “MSEs and Skills Development in Value Chain Upgrading” developed interventions to address existing skills gaps in Ethiopia, so as to improve the employability of workers and the competitiveness of MSEs. To promote a more equitable access of the poor to market opportunities, this component also looked at integrating MSEs into higher national and global value chains.
- Component III “Creating Decent and Productive Employment Opportunities through Local Resource-based Investment Policies and Practices for Infrastructure” focused mostly on the demand side of the labour market in Ethiopia. It promoted the participation of the poor in the infrastructure sector, and addressed policy and regulatory issues. This component additionally provided support to skills development and association-building among MSEs.

From the integrated project document covering Madagascar as well, a separate project document for Ethiopia was developed with a budget of US\$461,153⁵ and attached to an MOU that was signed in January 2007. The MOU set out the obligations of each party and the division of responsibilities between the ILO, the Government and the social partners. The agreement provided for the establishment of a Project Advisory Committee (PAC) to guide/supervise project implementation in line with the PASDEP. Members included the Ministry of Labour and Social Affairs (Chair)⁶, the Ministry of Trade and Industry, the Federal Micro and Small Enterprises Development (FeMSEDA), Tigray and Amhara National Regional States Bureau of Rural Roads, the Ethiopian Employers Federation (EEF) and the Confederation of Ethiopian Trade Unions (CETU). The PAC was to be the vehicle through which national ownership of project implementation could be exercised, but since its establishment, was only able to meet twice due to a number of logistical difficulties. MoLSA considers it will be able to overcome these difficulties in the future, if given sufficient resource support.

Project implementation was the responsibility of the Director and two lead specialists in the ILO SRO, with technical support from four key units in the Employment Sector: EMP/POL, EMP/SKILLS, EMP/ENTERPRISE, and EMP/INVEST. Towards the end of the project, the ILO appointed an Employment Specialist to the SRO team, who gradually assumed responsibility for implementation of Component I. The responsibility for funding disbursement on each

⁵ This is the figure reflected in the Ethiopia stand alone project document.

⁶ The Planning Department within MoLSA served as the secretariat to the PAC.

component remained with HQ technical units. On all funding requests and programming adjustments, Lead Focal Points liaised with their technical counterpart in Geneva.

The project was to be implemented in conjunction with the national partners: the employers and workers' organizations as well as national research and capacity-building institutions. From interviews with national partners, however, there was no indication that there had been a clear request from Government for this specific project. Rather, the strong perception held was that the project originated at HQ. Indeed, the project concept had been developed at HQ but in adapting the project to the country context, the SRO made every effort to engage and bring on board Government and social partners. Building national ownership resulted in an almost 9 month delay with the start of the project – an unintended consequence of taking the top-down approach to project development. This point is expanded on in later sections of this report.

2.3 Brief description of the project's major achievements

The project managed to achieve a considerable amount given its relatively short timeframe and the challenges it faced bringing national partners fully on board. Groundwork towards the development of a national employment policy was highlighted by national partners and stakeholders as a significant breakthrough, and work done in two sectors to show how aspects of that policy could be made operational was equally praised for bringing evidence-based arguments on critical employment issues to the fore. Further insights into the project's achievements as perceived by national partners have been expanded on in section 3 below.

2.4 Changes in the project environment since the design phase⁷

In the two years since the project was implemented, there have been no major changes in the project environment. Suffice to say, Ethiopia recorded a high growth rate of 11.8% in 2006/7 which had been the average over the preceding four year period. Agriculture continued to be the main driver of growth (due to an expansion of land under cultivation and not to improved productivity), but gains were also made in the construction, service and manufacturing sectors, indicating new areas with employment-growth potential. Half a million jobs were created in the floriculture and construction sectors due to the expansion of low-cost housing and road works. Entrepreneurial farming has the highest potential to impact the largest number of people but major challenges persist, and will take time to overcome: production for market, access to credit, the supply of improved seeds, and an expansion of the agro-processing export base are highlighted in the most recent PASDEP progress report as areas needing greater attention (MoFED, 2007). In addition to improving land and labour productivity in the agricultural and

⁷ All data cited in this section was obtained from the PASDEP Annual Progress Report 2006/2007, released by MoFED in December 2007.

agro-processing sectors, Government views an expanded private sector as crucial for job creation. Micro-finance loans were thus increased by some 40% from 1.2 million clients in June 2006 to 1.6 million by June 2007. This created close to 200,000 permanent and temporary income opportunities through support to micro and small businesses.

A 2007 World Bank study on Urban Labour Markets in Ethiopia, found there to have been slight changes in the skills profile of the urban workforce. This has been attributed to literacy gains among Ethiopian women with the Government's push on equality of access to education. Similar findings were given in the "Background Paper on Making Economic Growth More Employment Intensive and Pro-Poor", (Demeke et al, 2008). Higher unemployment rates in the larger cities like Addis Ababa were attributed to the comparatively lower levels of agricultural activity evident in large cities compared to smaller towns and rural areas. The study also points to an increasing migratory movement that is seeing more people continuing to leave rural areas in search of work in urban cities. Youth and women continue to be concentrated in the informal sector, however, with women more likely to be engaged in home-based, low-productive work for very little pay.

Finally, the UN Development Assistance Framework (2007-2011) has been concluded and thematic working groups established to develop joint programmes. The UNDAF is the integrated response of all UN Agencies (both resident and non-resident) to the PASDEP. ILO is part of the UNDAF outcomes on enhanced economic growth, good governance (covering the area of labour standards) and HIV/AIDS (ILO is co-chair of this joint programme working group). SRO sees the potential for employment outputs from the Pro-Poor Project to be taken forward through a joint programme around the first UNDAF outcome primarily (enhanced economic growth), but potentially also through joint programmes on the other two outcomes (good governance, and HIV/AIDS).

3. EVALUATION FINDINGS

3.1 Relevance, strategic fit and validity of project design

The evaluation found the basic project design to be sound, particularly with respect to having a complementary focus of working upstream on a national employment policy and downstream by illustrating in two sectors how such a policy could be made operational. The project's outputs were clear, and indicators definitive. A major positive element of the project was its ability to remain flexible, and adapt to in-country demands despite its origin and part-management from ILO Headquarters. By way of example, the groundwork for a national employment policy/strategy emerged from initial ILO SRO discussions with stakeholders, while the creation of employment and investment policy units in two regions was set aside when the regional governments pointed to existing structures which they considered fit for purpose.

The very well-attended National Workshop on “Making Economic Growth More Employment Intensive and Pro-poor” can be considered a strong indicator of the project’s relevance, strategic fit and validity in the current environment given the interest and participation of a broad range of senior experts across Government (Federal Ministry level), stakeholders and social partners. The background paper informing discussions is currently being translated into Amharic before it goes out to the regions for wider consultation⁸. Once back at the federal level, the paper with regional inputs will be transformed into a Cabinet Paper as part of the normal process towards adoption of policy in Ethiopia.

One area that the evaluation questioned was the link between training activity carried out under Component II and its effects on policy. While the mission found both Government and direct beneficiaries highly appreciative of the value chain analysis, the training conducted and guidelines produced, and the work done on OSH and HIV/AIDS awareness, the relevance of direct training activities in relation to making policy arguments was not clear⁹. In the absence of previous experience to build on in this sub-sector, the ILO SRO maintains it was important to demonstrate how productivity gains could be made in a sector that provides a livelihood to a large number of working poor, particularly women. These workers function in very poor working conditions and face enormous challenges given traditional (gender) biases brought out in the value chain analysis. Given the short timeframe of the project and in the absence of a formal structure through which lessons learnt could be shared and transferred into policy advice, a sounder approach might have been to develop a separate project altogether for the weaving sector⁹. However, this observation should not take away Component II’s contribution towards improving working conditions, and the employability and productivity of the working poor in the weaving sector (mostly women), which as pointed out earlier, was highly appreciated by stakeholders and beneficiaries.

Under Component III, studies on the cost-effectiveness of labour-based methods for road construction and maintenance have been well-received by the principal authorities. The Ethiopian Roads Authority indicated it had sufficient resources to contract ILO expertise, if need be, while in a letter to the ILO SRO, the Director-General of the Road Fund in the Ministry of Works and Urban Development expressed strong support of labour-based methods for road maintenance, and requested assistance with study tours to countries where such methods were being put to use. From the July 2008 National Workshop, perspectives beyond the road authorities pointed out that ‘how’ to go about employing labour-intensive production methods

⁸ MoFED requested that a copy of the revised background document be shared with their office as they had not seen the version that came out incorporating their comments on an earlier draft.

⁹ This was highlighted by the review team member covering the SIDA perspective, and thus may require further discussion between ILO HQ and SIDA.

should be dealt with in greater depth at the sector level, to also ensure that WTO standards were met. It is Government ultimately that will decide where the balance lies between the need to attract foreign investment, with the need to generate the highest number of jobs from the investment coming in.

With respect to the SIDA representative office in Addis Ababa, the project fits well with their country allocation plan which makes provision for support to employment issues, (with an emphasis on youth employment), and support to women's entrepreneurship. SIDA's traditional support to the social sectors has expanded to include private sector development and a strengthening of democracy and civil society participation. In this respect, there is a clear fit between the objectives of the Pro-Poor Project and the thematic areas prioritized in the donor's country plan of support. SIDA Addis Ababa did point to the need for better synergy between initiatives taken forward by HQ offices (Stockholm and Geneva) versus those emerging from consultative processes on the ground. The evaluation endorses this view, given feedback from Government on the project being too HQ-dependent, and subsequently unable to conform to in-country project reporting requirements. SIDA Addis Ababa is also strongly behind UN reform, and sees the UNDAF as a more coherent approach to providing funding to UN agencies as opposed to stand-alone projects implemented by individual agencies. The ILO's participation in the development of the current UNDAF (2007-2011) and its involvement in joint programmes with other UN agencies were thus positively acknowledged.

Overall, the project's relevance was reinforced by those stakeholders who put achievements in context. Ethiopia has never had a policy governing employment issues; and employment was only included as one of eight pillars in the second-generation PASDEP (not the first PRSP, known as the Sustainable Development and Poverty Reduction Programme). The project can thus be credited for having brought about a greater degree of momentum to employment issues within the overall context of poverty reduction, and for setting in motion a process that will eventually lead to a long-awaited outcome: having a national employment policy in place.

3.2 Effectiveness and impact in relation to objectives set

Findings set out below provide an assessment of how well the project performed against objectives set, including on integrating gender equality issues. For those readers who have not been directly involved in implementation, the mission would only add at this point that the achievements set out below are modest when put in perspective. Ethiopia's development challenges are significant and a stand-alone project with less than two years of activity and an expenditure of less than US\$300,000 can only contribute in a small way towards reducing poverty. Aiming to measure this contribution or quantify its impact on longer-term development efforts related to poverty reduction is difficult – even premature – and should be

left to a later point when the *outcomes* towards which this project has contributed are actually accomplished. To this end, a labour market information system and/or key macro employment indicators for which routine or survey data can be collected would be crucial. The ILO may wish to follow up on possible collaboration partnerships for this work with SIDA Addis Ababa, UNDP and the World Bank.

Immediate Objective One: An employment centered pro-poor growth strategy designed and formulated through focused country-level policy research and through participation of relevant stakeholders.	
Outputs/Indicators of Achievement	Findings
<p>1.1 Employment-centered policy document on operationalizing pro-poor growth.</p> <p>Indicator of Achievement</p> <p>A national employment policy document formulated.</p>	<p>The project succeeded in having in place by project end, a comprehensive document related to employment-centered pro-poor growth. Gender issues were fully taken on board in both the analysis and in the presentation of substance and data (which was sex and age disaggregated). In addition, specific gender-based recommendations were made in the document e.g. MoLSA working with the Central Statistical Authority on annual sample surveys that monitor among other trends, changes in gender disparities within the labour market.</p>
<p>1.2 Employment Forum with Government, social partners and other stakeholders to review and disseminate the main findings of the reports.</p> <p>Indicator of Achievement</p> <p>A high level Employment Forum to review and disseminate the main findings of the national employment policy document</p>	<p>Broad-based dialogue at the federal level was facilitated through a National Workshop that was very well attended. The event was adjusted to target senior technical experts responsible for the planning and operations of Government Ministries, which served the purpose of a technical discussion on the content of the background paper much better. The ILO's social partners and other key stakeholders also participated (see Annex V for a full list of those in attendance). It was not possible to gauge the gender distribution of participants at the meeting, but within each Ministry, the evaluators were informed that gender departments have been created and these work closely with units responsible for planning.</p>
<p>1.3 Developing technical/ policy briefs.</p>	<p>Given time constraints, the project was not able to produce any policy briefs, although a mission was fielded in April 2008 for the purpose of holding discussions with Government on possible themes. The</p>

<p>Indicator of Achievement</p> <p>A feasibility study on the design and content of technical/policy briefs for monitoring and evaluation of PASDEP objectives and goals.</p>	<p>usefulness of policy briefs could be revisited following the adoption of a National Employment Policy. The background paper to the NEPS outlines five broad programme areas, and three likely scenarios for job growth projections. Policy briefs could subsequently serve an important function, providing policy-makers with the rationale for selecting one course of action over another. Alternatively, depending on what policy makers find useful, the briefs could also be used to outline the policy alternatives that exist within a</p>
<p>Immediate Objective Two: The capacity of weaving skills providers in Ethiopia is enhanced to enable them to offer relevant, market focused weaving support services at different levels, integrating OSH issues.</p>	
<p>Outputs/Indicators of Achievement</p>	<p>the short term, to Findings lead in the preparation of these briefs.</p>
<p>2.1 Skills mapping and training needs analysis undertaken.</p> <p>Indicator of Achievement Training needs assessment developed and available.</p>	<p>All outputs listed in the project document were achieved.</p> <p>Training in the area of product development, design skills, business management, and linkages with buyers and exporters has exposed women weavers to new skills and contacts, enabling them to get more for their products. There has been a three-fold increase in earnings made from value-added products: from 10 to 30 Birr, or from 100 to 300 Birr per item. Learning how to use natural dyes and recycled material has kept training at a practical level for poor women with little additional income to invest in business development. If not reinforced by support to credit or to other inputs (such as modern machines), it is uncertain for how long, and how much of what was learned, would be put to use as most women return to traditional hand-loom techniques.</p> <p>Beneficiaries wanted future training to be specific to the needs of one group, and for participants of Training of Trainers' type workshops to be more rigorously selected. Issues specific to exporters for instance, were inadequately addressed in the training courses that were primarily designed for weavers; and many trainers ended up starting their own business with the training they were meant to pass on.</p> <p>Guidance and training on OSH and on HIV/AIDS awareness was highly appreciated. Noting the very poor working conditions that home-based women weavers were operating in before training</p>
<p>2.2 Existing basic weaving training enhanced.</p> <p>Indicator of Achievement Enhanced existing basic weaving courses.</p>	
<p>2.3 Industry quality standards agreed and supported through intermediate weaving skills training.</p> <p>Indicator of Achievement A new intermediate weaving course developed and available.</p>	
<p>2.4 Training on market-oriented product development and design developed and implemented.</p> <p>Indicator of Achievement A new product development</p>	

<p>course developed and available</p>	<p>work done in this respect is acknowledged by the evaluation.</p>
<p>2.5 A commercial design service in the weaving industry developed. Indicator of Achievement A weaving design course developed and available.</p>	<p>Challenges remain with respect to association building as Government prefers women to be organized through cooperatives. Expanding OSH-compliant work space is another area where the ILO will continue advocacy as the only ‘workshop’ built by Government does not have a roof exposing workers to harsh weather.</p>
<p>2.6 Occupational Safety and Health issues integrated into all (project-sponsored) training courses. Indicator of Achievement Occupational Safety issues integrated into all weaving courses.</p>	
<p>2.7 A draft document with consolidated lessons learned on upgrading methodologies applied in the Ethiopian weaving sub-sector.</p>	

Immediate Objective Three: Policies, strategies and tools formulated and introduced, aiming at improving opportunities to access decent work in the field of infrastructure development, with special emphasis on young women and men.	
Outputs/Indicators of Achievement	Findings
<p>3.1 National and regional strategies for integrating employment in infrastructure investments developed.</p> <p>Indicator of Achievement</p> <p>Employment concerns and core labour standards introduced into national and regional infrastructure policies and strategies.</p>	<p>Activities have been highly valued and successful mainly because they were able to draw on ILO experience in roads projects over 10 years. A study on constraints to the wider use of labour-based technology in infrastructure development was finalized in July 2008 after a lengthy revision to an earlier draft. The report is of good quality, promotes gender equality, and provides useful recommendations. At the National Workshop a presentation was made on the paper's findings and linked to poverty reduction. Follow-up activities with respect to best practice and a position paper could not be undertaken as the project timeframe was too short.</p> <p>A second study comparing LBT and equipment based methods, was also completed in July 2008. The report provides compelling evidence, for instance, that labour-based gravel road construction could be up to 54% cheaper in financial terms and generate a spin-off effect of up to 1.7 times for GDP growth, creating a high number of jobs both directly and indirectly due to multiplier effects. A workshop was held in November 2007 hosted by the Ethiopian Roads Authority where results were presented and discussed. A Position Paper on how the macro- and micro-economic impact of employment-oriented strategies for infrastructure development can contribute to sustainable poverty reduction was also developed and has been presented internationally.</p>
<p>3.2 Mechanisms developed and set up at regional levels to align investment policy with the national employment strategy.</p> <p>Indicator of Achievement</p> <p>Collaboration arrangements developed with different partners dealing with public works investment.</p>	<p>Regional governments already had existing structures, and the decision was taken to work through these.</p> <p>Although not included in the original project design, the project facilitated the participation of officials from the Tigray and Amhara regions to the 12th Regional Seminar for labour-based practitioners in South Africa, and to an inter-regional ILO seminar in Turin. The evaluation finds this highly justified as it facilitates regional networking.</p>
<p>3.3 Employment and Investment Policy Units set up within the two regional governments.</p> <p>Indicator of Achievement</p> <p>Stakeholders particularly in the two regions actively</p>	<p>Regional governments already had existing structures, and the decision was taken to work through these.</p> <p>Although not included in the original project design, the project facilitated the participation of officials from the Tigray and Amhara regions to the 12th Regional Seminar for labour-based practitioners in South Africa, and to an inter-regional ILO seminar in Turin. The evaluation finds this highly justified as it facilitates regional networking.</p>

<p>involved in defining and implementing policies and approaches to promote employment and decent working conditions in construction programmes within their area of influence.</p>	
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3.3 Factors contributing to the success/failure of the project

Through the project, in-country capacity on employment policy development was more than adequately reinforced. This is not to say however, that national capacity was sufficiently strengthened as a result. Besides participating in the PAC, and attending a technical consultation on the background paper to the national employment policy, held in July 2008, the ILO's social partners could give no further examples of direct involvement in project implementation. This points to an inherent weakness of the project, given the importance that the ILO places on the involvement of social partners and on the value of tripartism. It could be argued, however that given the nature of interventions, and the current institutional capacity of both the EEF and CETU, an expanded role for the social partners would have been difficult at best. EEF has undergone internal challenges with the break-away of the former head of the organization while CETU is engaged with Government in dialogue on fundamental principles and rights at work, which leaves the union somewhat spread too thinly and incapable of participating fully in every ILO activity. Their contribution will nevertheless be critical in the lead up to the formal adoption of a national employment policy. Their work will also be influenced by the policy once it is in place.

Ethiopia's Prime Minister has in recent years prioritized employment issues, and given direction to all Ministries to do the same. This has paved the way for closer collaboration between the ILO, MoLSA and MoFED, although again, the project had to accommodate an almost four month delay for MoFED comments on the background paper to the national employment policy. The wait was well worth it – MoFED's critical analysis and feedback sharpened the paper considerably, and ensured data was recent and consistent with poverty monitoring reports. A closer working relationship with MoFED, the Ministry at the centre of PASDEP implementation, is positive, but delays amounting to over half of the project's two year time-frame – and only partly accommodated through a six month extension – may have seriously undermined the project. The 'integrated' multi-country project approach is therefore less-suited to the Ethiopian context, than a single country programme framework would be.

In meetings with Government, achievements on the job creation front brought into focus the lack of an employment indicator(s) and/or a labour market information system able to capture aggregate change, and measure the effects of employment generation on poverty reduction. The ILO (both HQ and SRO) are well aware of this gap, and have for some months, been working on responding to this need (see ILO Mission Reports for April and July 2008 and documents related to the DWCP for Ethiopia). In a meeting with SIDA Addis Ababa, possible funding was alluded to, if MoLSA and the ILO perceived this was what was needed to take work forward

(expanded on in section 3). Support in this area is now a high priority for Government, and will be an important factor brought into future programming discussions.

3.4 Adequacy and efficiency of resource use

Overall, the resources made available through this project can be said to have had a high return for the investment made and given the relatively short timeframe assigned to the project when it was designed. The project managed to achieve almost all of the outputs it had set out to achieve, with the exception of policy/technical briefs, and with the adjustment of two other outputs under Components I and III as outlined in earlier sections of this report. Expenditure at project end amounted to US\$ 282,506 or just past 60% of the project's original budget of US\$ 461,153.

Expenditure figures (in US\$) are broken down as follows:

Component I:	75,366
Component II:	117,140
Component III:	90,000
Total:	282,506

The largest proportion of spending (slightly over 40%) was on Component II, with direct support to beneficiaries primarily through training, and the development of a manual, but also through market support, and sensitization on occupational, safety and health and HIV/AIDS. Resources set aside under Component III for investment in two regional employment and policy units were re-directed to fellowships that funded Ethiopia's participation in regional and inter-regional seminars. Spending on this Component constituted the second largest share of expenditure (32%). Under Component I, the original plan to organize a High Level Forum was adjusted to a more appropriate technical level National Workshop on what a national employment policy and strategy would include. Spending on policy work carried out under Component I corresponded to 27% of total expenditure.

Except for Component III, a major difficulty resulting from the way the project was managed, has to do with access to financial figures, however. It has also restricted any further analysis of the project's cost-effectiveness, because a breakdown of expenditure according to each output was only readily available for Component III (provided by the Lead Focal Point in the SRO). ILO SRO relied on ILO HQs for issuance of EPAs, and was not able to give a budget breakdown without going back to the different technical departments in Geneva for that information. For the same reason, ILO SRO could not meet MoFED's request for financial data on incoming

project aid, which conforms to principles set out in the Paris Declaration on Harmonization and Alignment of Aid (2005), to which the UN System, Ethiopia and Sweden are signatories.

Feedback from Government on this point was that the project was the first of its kind, and showed the ILO was serious about supporting national processes. Sufficient scope existed for the organization to begin moving towards current trends, however, consistent too with expectations that the ILO now moves towards up-scaling its support to sector-wide PASDEP targets, and cross-sectoral linkages. Even if the ILO is not a funding agency and not an ExCom UN Agency, Government indicated they could see scope for improvement in the way ILO projects were managed (including financially) and reported on, and looked forward to a decentralized approach in the near future.

The evaluation team would further add that projects looking to influence policy processes at the macro level factor in a much longer time frame in the design, given the complexity of the process at country level. In fact, the trend on policy-making makes provision for broad-based consultations at provincial, district and even community level before decisive steps are taken towards adoption at the central level. This implies a significantly greater amount of time and resources is needed to ensure outcomes are achieved.

3.5 Sustainability

Sustainability will largely depend on the extent to which the ILO is able to strengthen national ownership of gains made thus far. MoFED indicated that in principle, budget resources could be allocated to operationalizing the national employment policy once it has been adopted since MoLSA would be expected to integrate follow-up work into its normal planning and budgeting process. MoLSA's capacity will need to be strengthened in the lead time up to the adoption of the employment policy, however. MoFED would like the Ministry to play a much larger and more substantive lead role on employment issues than has so far been the case, drawing on development partner support as needed. The ILO office is aware of this challenge, and that capacity constraints faced at the federal level are magnified at MoLSA regional office level. An ongoing public service reform programme will include MoLSA in the restructuring exercise. The ILO could reinforce efforts on that front by considering other ways of transferring knowledge and expertise, e.g. seconding experts to the Ministry in an interim period or learning from how other bilateral/multilaterals have supported the strengthening of MoFED's capacity which is considered exemplary.

The social partners in Ethiopia – CETU and EEF – are equally in need of capacity support. Representatives who met with the evaluators were not aware of the project at all, and had to be briefed at the meeting itself. There was a slightly better awareness of PASDEP and the employment pillar therein, but beyond broad information, neither organization could give

specific details on how the employment pillar of the PASDEP was being taken forward. This is an important element for the ILO to consider turning around as quickly as possible, given the weight the organization puts behind tripartism and social dialogue. Needless to say, both EEF and CETU highly value their long-standing collaboration with the ILO, and are ready to contribute to future endeavours.

4. CONCLUSIONS

Although the project has come to an end officially, it reached a critical milestone on the employment front in Ethiopia. Continued ILO support will be decisive in the coming months to see through processes that are mid-way, and that will lead to important outcomes including the adoption of a National Employment Policy. This is because so far, the ILO is the lead agency taking the employment policy forward, advocating for labour-based methods in road construction and maintenance, and demonstrating how productivity gains can be made in the traditional weaving sector that is beset with numerous challenges. While the capacity of MoLSA and the social partners is being strengthened so that they can take up the lead role, the ILO will need to sustain efforts to ensure momentum is not lost and outcomes are successfully achieved. What the organization could additionally do, is engage fully in broader processes at country level, that will allow the SRO to tap in to capacity surpluses in other organizations to make up for funding or expertise constraints, while leveraging its own capacity as strategically as possible.

The ILO has made provision for a minimum level of bridge funding to ensure support continues pending further donor funding. The organization is additionally involved in UNDAF joint programmes, and is developing a DWCP to lend support to the PASDEP employment pillar. These efforts could be further reinforced with some concrete steps towards those aspects that Government and social partners have indicated they would like to see the ILO move on. Decentralizing project management to the field office is one area the ILO could revisit, involving or at least keeping Government, social partners and national stakeholders fully informed and aware of inherent challenges. For instance, the ILO may wish to undertake a capacity assessment of the SRO to identify skills gaps and develop tailor-made training that builds on existing capacity in the office as part of the process towards decentralization. En route to full decentralization, ILO HQs could also review ways to simplify and/or free up process so that it can be more responsive to the demands at field level and less driven by HQ requirements. Reducing the transfer of transaction costs to the field office could for instance include a streamlining of missions, or a blocking off of critical periods in the national cycle / calendar when the SRO can fully focus on events at country level. This also implies that within HQ, all technical units (in the Employment Sector) remain strongly coordinated, and have a central interface if this will promote a greater degree of efficiency (and not add another level of transaction costs).

There is ample scope for the ILO to revisit its traditional approach to technical cooperation: SIDA Addis Ababa would certainly be in favour of engaging with the ILO on in-country activity but it would do so within the framework of coordinated arrangements that promote joint programming – either in the context of the UNDAF, or in the context of the country-based M&E

working group supporting PASDEP's data needs. It may be possible to explore other areas of support, but the basic message is that the organization is encouraged to work within coordinated frameworks on the ground.

Collaboration in the new aid environment might also mean the ILO's expertise is contracted (and paid for) by national authorities: such as in the area of road construction and maintenance. Ultimately, the difference means going from being the sole agency implementing a 500 km project to lending expertise to a programme building 140,000 km of roads. That puts what's best for Ethiopia more firmly at the centre of what ILO technical cooperation is all about, and addresses in a direct way, any lingering perception that the ILO is too HQ-driven.

5. RECOMMENDATIONS AND LESSONS LEARNED

Process matters and is context specific. Striking a balance between the development of project concepts at HQ and their elaboration at the field level is tricky, but for the project under review, the multi-country integrated approach did not work particularly well in the Ethiopian context. By way of example, the time allocated to the project was insufficient given what it took to bring national partners fully on board, and the time that MoFED needed to prepare detailed comments on the NEPS background paper. Nuances in the perception of this project as HQ-driven could be picked up from what national partners shared, but it was also clear that ILO SRO did everything they could to ensure partners' views were integrated to the extent possible in the project's adaptation.

Recommendation: ILO HQs is recommended to do much more to address perception issues, as it retained final say on every aspect of project execution. Even with the best of intentions, such an arrangement will effortlessly come across as being 'top heavy' with too much input directed from a centre that is far removed from local reality. The balance will need to make use of the value that experts located at ILO HQs bring to complex employment challenges, while giving much of the lead on programming to senior management and experts in the SRO.

Decentralizing project management fully will enhance field execution. Delays with disbursements, not knowing what funding was available against what had been spent, not being able to respond to requests from MoFED for the project's financial data¹⁰ and having to

¹⁰ The OECD-DAC definition of what should be included in the reporting of incoming financial flows (grants and loans) to a country, includes technical cooperation as aid. This means the financial value of technical cooperation should be reported to the Ministry of Finance, in conformity with the Paris Declaration 2005 (to which the UN, Ethiopia and Sweden are signatories).

respond to partners that approval had to be obtained from ILO Geneva for any activity or spending adjustment – these constraints were repeated in meetings that the mission had both with ILO SRO and with national partners. Indications from MoLSA were that ILO Geneva has been lobbied extensively to increase the SRO's capacity. A skills assessment might be a first step for ILO HQ to identify gaps and build on existing strengths within the SRO.

Recommendation: Decentralization is not a new issue to the ILO, which implies there are specific reasons for not seeing this trend happen in certain circumstances. Since the ILO HQ perspective was not included in the evaluation's TOR, the recommendation is left somewhat open: together with SRO management, ILO Geneva may wish to look at the feasibility of decentralizing project management once more, and frame this within the context of ground work leading up to the launch of a DWCP. Undertaking a capacity assessment would be a necessary part of that process.

From stand-alone projects that pilot approaches to country programmes linked to sector-wide activity. MOFED's Guidelines for the Preparation of Public Sector Projects, points out that "...stand-alone projects have limited impact on the ground and prohibit governments from taking the driver's seat. Project-based support is perceived as having little impact on policies and constraining coordination between development stakeholders. Project aid is therefore criticized for bypassing government systems and imposing transaction costs to the recipient government."

From the report of discussions held at the National Workshop in July 2008, in addition to feedback given in meetings with Government, the above point was reiterated. It is clear to a range of national partners that the natural progression of ILO support is now towards integrated support across a number of sectors, addressing employment challenges more holistically and linking impact to growth and poverty reduction more broadly. This is in fact how the ILO is moving forward, with the development of a DWCP for Ethiopia. What is critical is for key sectors and policy areas to be identified for focused, long-term support and for a donor such as SIDA to commit resources for an extended period of time, e.g. for the remaining years of the current PASDEP, with a view to continuing support in the next phase of the PASDEP. This would be the same timing that the UNDAF is aligned to. Focused support on a minimum number of sectors that either have a high growth and job creation potential, or in which a large number of working poor (particularly women) are currently earning a livelihood is sound. The provisional DWCP has taken this approach, and will certainly benefit from the work done in the Pro-Poor Project.

The aid environment in Ethiopia lends itself to wider partnerships at country level; but social dialogue and tripartism could be a more visible part of broader policy-making processes. ILO

has now established a good working relationship with MoFED, an important milestone given the Ministry's centrality to PASDEP implementation. An elaborate dialogue structure is in place to regularly review progress, and includes an annual High Level Forum between senior level representatives of federal government ministries and major donors, as well as technical working groups who meet more regularly around the PASDEP pillars and cross-cutting issues. The UN System has also developed working groups around UNDAF joint programmes, and established a linkage (through lead agencies for various themes) between discussions happening in the latter forums and discussions going on at the broader PASDEP level.

Recommendation: As the DWCP evolves, the ILO could identify and bring on board perspectives from national and development partners (including the UN System) who are embedded in various processes supporting PASDEP implementation. This will bring much needed critical perspective on leveraging the ILO's comparative advantage, and positioning support through a DWCP to the PASDEP employment pillar. SIDA Addis Ababa, UNDP and the World Bank are suggested in this regard; but as importantly will be continued engagement with MoFED, the Road Authority and Road Fund. Among its traditional social partners, the ILO is well-regarded even though it was apparent that among the employers and workers organizations interviewed there was limited knowledge of the project under review. The ILO may wish to consider investing in a significant strengthening of the social partners' capacity so that social dialogue and tripartism – the bedrock of ILO technical cooperation – is much more visible and able to bring influence to bear on important employment-related processes.

Annexes

- I. Terms of reference
- II. List of persons met
- III. Evaluation questions
- IV. List of documents reviewed
- V. Participants, National Workshop on background to an employment policy: July 2008.



ANNEX I TERMS OF REFERENCE

ETHIOPIA

1.

Introduction and rationale for the mission

Within this context of the Ethiopia's Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and as part of the ILO response, in early 2006 the Government of Ethiopia and ILO signed a Memorandum of Understanding (MOU) for the implementation of the project, Operationalizing Pro-Poor Growth¹¹, funded by the Swedish International Development Agency (SIDA). The Government of Ethiopia attaches great importance to employment. One of the eight pillars of PASDEP, covering the period 2005–2010, focuses specifically on employment. However, in order to make employment central to economic and social growth, the need to develop a national employment policy was identified. Moreover, the role of productive employment generation as a critical intermediation between growth and sustainable poverty reduction, though gradually being recognized, was seen to require greater space in policy discourses on poverty reduction. The African Union Extraordinary Summit on Employment and Poverty Alleviation, which was held in Ouagadougou in 2004 adopted a Declaration and Plan of Action recognizing the centrality of employment in national policies and strategies. This project aimed to support the Ethiopian Government to give effect to its commitment to the Declaration.

The Pro-poor project, received funding from the Swedish International Development Agency until the end of September 2008. The overall aim was to the formulation of a national employment policy, through the use of technical assistance and the implementation of actions aimed at enhancing the labour intensity of economic activities within the framework of the Decent Work Country Programme (DCWP) for Ethiopia. The Project had three components, which took a coherent approach to further the poverty reduction impact of the PASDEP in Ethiopia:

Component I "Building a common policy understanding on operationalizing pro-poor growth" will work on better integrating policies for productive employment into Ethiopia's PASDEP by demonstrating how a stronger employment focus can improve the positive effects of economic

¹¹ Commonly referred to as the Pro-Poor Project.

growth. This component will provide policy inputs to the two other components and draw on their operational experience.

Component II “MSEs and Skills Development in Value Chain Upgrading” will focus on designing interventions addressing sectoral skills gaps in Ethiopia to improve employability of workers and competitiveness of MSEs. In particular, the component will work on integrating MSEs into higher national and global value chains thus promoting more equitable access of the poor to market opportunities.

Component III “Creating Decent and Productive Employment Opportunities through local resource-based investment policies and practices for infrastructure” will work mostly on the demand side of the labour market in Ethiopia by promoting the participation of the poor in the infrastructure sector, and by addressing policy and regulatory issues as well as skills development and association building among MSEs.

2. Background and general context of the project

In pursuit of the Project objectives above, over the last two and half years, technical assistance was provided which included training to enhance the capacity of the Ministry of Labour and Social Affairs (MOLSA) and of the Ministry of Finance and Economic Development (MOFED) to develop a national employment policy, as well as a team of Technical Consultants to draft the key background paper for the national employment policy. The background document was extensive, and therefore a request was made by MoLSA, following a multi-stakeholder consultation workshop, to provide a summary of the key issues and recommendations. Again, the project responded, including with assistance to translate the study into Amharic in order to enable its use throughout the decentralised federal structure of Ethiopia. These activities have included the engagement of key ministries besides MOLSA and in particular of MOFED in the process of highlighting the centrality of employment in the policy arena, and the extensive roles and responsibilities of all sections of Government.

With regards to Component II, a skills mapping and training needs assessment was undertaken in the weaving sector. As a result, action was taken to upgrade the FeMSEDA Weaving Training Centre, through intensive training of trainers in product design, product development and creation supported by applicable computer programs. Recommendations were also made to increase the number and variety of looms; improve the center’s display room with a variety of collections from local products, and prototypes from Asia, Africa and other countries; and the

need for FeMSEDA to adjust its training methods from being supply driven to being demand driven.

Under Component III, a study was undertaken to identify constraints preventing the wider use of the labour-based technology in infrastructure development as well as the development of materials on best practices for an enabling legislative and regulatory environment for labour-based contracting. Comparative analysis of labour-based versus equipment-based technology in construction was also undertaken to provide comparative data on quality, speed and costs as well as on employment effects for future infrastructure investments. Also a follow up study was conducted using the Rapid Assessment of Poverty Impact (RAPI) methodology which is a cost effective survey based method for poverty assessment over a period of time. Basically the follow-up survey was intended to capture short-term effects of employment opportunities following the adoption of the labour-based construction methods as well as short term improvements in mobility and reduced transport cost associated with the road project in the study area.

3. Reach and aims of the evaluation

As a requirement under the Project Agreement, a review mission is proposed to provide an opportunity to assess progress and achievements. In addition, given the interest of both the ILO and the SIDA to achieve their own internal objectives of matching their responses as closely as possible to in-country defined needs, the bilateral meeting held in Geneva on 14 January 2008 expressed the wish that the project should undergo a joint technical evaluation. The main objectives of the review mission is to draw the lessons learned regarding the degree of coherence between this type of initiative and the priorities of the Ethiopian development policy and strategies defined by Sweden and the ILO.

In summary, the project has aimed to strengthening the employment dimension of the Ethiopian national poverty reduction and development strategy (PASDEP)'s implementation through three main objectives:

- Building capacity and developing a consolidating a common strategic vision of stakeholders towards the implementation of a national employment policy conducive to sustainable poverty reduction;
- Promoting poverty reduction and decent job creation through vocational training and support for MSE start-up and development in the weaving sector;
- Improving decent employment opportunities in the public works sector through the local resource-based approach.

3.1 Criteria and methodology of the evaluation

The criteria adopted to review this project should allow assessment of its effectiveness and impact in relation to the objectives. In doing this consideration will be given to the context of Ethiopia, and relative readiness to push forward on a multi-stakeholder Employment Policy/Strategy. The review should involve the following fundamental elements:

- Analysis of project documents and reports with special attention to relevance and strategic fit, validity of design and implementation arrangements, project achievement and impact;
- Meetings with MOLSA, MOFED, the Ministry of Public Works (Ethiopian Roads Authority) and the social partners, and other relevant stakeholders as defined in-country;
- Meeting with relevant stakeholders and beneficiaries in the weaving sector;
- Production of an interim report and in-country feedback meetings, as well as input into the consolidated SIDA review (inclusive of Madagascar);
- In consultation with the field office, prepare recommendations for submission to the Government of Ethiopia for follow-up.

The evaluation will follow the UN norms and standards on independent evaluations. Moreover, the consultants are invited to respect the good practices for the evaluation reports as well as the OECD/DAC guidelines on the drafting of reports. In particular, the mission should:

- (i) describe progress made during implementation;
- (ii) Identify lessons learned regarding the soundness of the approach and the relevance of the methodological and institutional arrangements for promoting employment within the PASDEP, and for reinforcing the capacities to develop employment policies; and
- (iii) Identify and explain any difficulties or challenges, specific to the context or overall implementation, and suggest ways of addressing these in the future.

3.2 Composition of the Evaluation Mission

The mission will be composed of the following: (i) a representative of the Ministry of Labour and Social Affairs (MOLSA) and (ii) two independent reviewers agreed by SIDA and the ILO.

3.3 Timing and Duration

The mission is proposed to take place during October 2008 and cover the project period March 2006 to September 2008. The duration of the mission in the field for finalizing the report will

be stated in the contract. The report should be communicated to the ILO one week after the end of the mission. The ILO will communicate the final report to the Government of Ethiopia and to SIDA.

ANNEX II LIST OF PERSONS MET

Key Stakeholders

Mr. Ato Tamiru Jeba	Head of Planning and Programming, Ministry of Labour and Social Affairs (MOLSA)
Mr. Mesfin	Executive Director, Ethiopian Employers Federation (EEF)
Mr. Neway	Expert, EEF
Ms. Emawayesh	Head of Women Affairs, Ministry of Trade and Industry (MOTI)
Ms. Almaz Aychelhum	Trainer, Federal Micro and Small Enterprises Development (FEMSEDA)
Mr. Yilma Tedla	Trainer, Ethiopian Women's Handicrafts and Exporters Association
Mr. Ato Bekele Nigussie	Head of Planning, Ethiopian Roads Authority
Mr. Ato Getachew Adem	Head of Development Planning and Research, Ministry of Finance and Economic Development
Mr. Tessema Heramo	Head of the Workers' Education and Training Department, Confederation of the Ethiopian Trade Unions (CETU)
Ms. Gisela Strand	Economist, Swedish International Development Agency (SIDA)
Ms. Ann-Louise Olofsson	Swedish International Development Agency

ILO Sub-Regional Office

Mr. George Okutho	Director ILO Sub-Regional Office Focal Point for Component I
Mr. Joni Musabayana	Senior Specialist, Enterprise Development and Management Focal Point for Component II
Mr. Kwaku Osei-Bonsu	Senior Specialist, Employment Intensive Works Focal Point for Component III
Mr. Jean Ndenzako	Employment Specialist and Focal Point for Component I
Mr. Urgessa Bedada	SRO Programme Officer
Ms. Brooknut Tecola	SRO Programme Assistant (facilitated mission logistics)

ANNEX III EVALUATION QUESTIONS

Questions served as a guide for the interview process.

Broad questions

- What was your organization's role in the development and subsequent implementation of the project?
- Would you say the project has been a success? If yes, why? If no, why not?
- Would you say the project is fully aligned to national development priorities? Can you give examples?
- Is this project aligned with national processes supporting the implementation of PASDEP? (If yes, can you give specific examples to demonstrate how? If no, was it not relevant given what the project had tried to do? Probe to get to specifics).
- What would you highlight as key elements of project success?
- What would you highlight as major weaknesses or shortcomings?
- Is there any area you think the ILO could improve before the project's next phase?
- As you know tripartism and social dialogue form the bedrock of ILO technical cooperation. What was your experience working with the ILO's social partners and is there anything you feel important enough to highlight (it can be either positive or negative) from that experience?
- How has gender equality been promoted in the project activities that you were involved with, and do you think this was adequate or could more have been done?

Project and management arrangements (effectiveness)

- Was the PAC a useful mechanism to guide project implementation and links to PASDEP implementation?
- How often did the PAC meet? Were there obstacles, bottlenecks, and how were these overcome?
- Were any monitoring visits carried out during project implementation?
- What was the experience with the backstopping team? Was it clear who was taking decisions to advance implementation? Was there any collaboration with other projects or with like-minded development initiatives?
- Did the project have a parallel implementation structure or was it integrated into national processes and systems? Was there a link to broader dialogue processes on the ground?

Adequacy and efficiency of resource use

- Process-related transaction costs – were there lots of external missions, a heavy reporting burden, too many meetings, or not enough meetings, too many workshops, etc?
- Technical and financial resources: adequate and put to efficient use? Delays with disbursement that affected implementation? Experts spread too thinly? Are new skills needed for the dynamic aid environment?

- Timeframe – was the project’s timeframe sufficient, too little (NB the project was extended by six months which implies insufficient time)?

Sustainability

- Is the project approach the best way to promote employment within the PASDEP? What other options exist?
- What difficulties/challenges need to be addressed to protect and build on gains made thus far?
- What are the chances for resource allocation from the national budget, after the employment policy is adopted?

Effects and likelihood to have longer term impact

- Do stakeholders now share a common strategic vision of employment generation to advance pro-poor growth and poverty reduction in Ethiopia?
- Has this vision emerged as a direct result of the project’s interventions alone, or have other factors contributed to the outcome?
- Has sufficient evidence emerged from some or all three components of the project to inform the development of a National Employment Policy/Strategy?

ANNEX IV LIST OF DOCUMENTS REVIEWED

1. Ministry of Finance and Economic Development (2006): Ethiopia: *Building on Progress. A Plan for Accelerated and Sustained Development to End Poverty (PASDEP), (2005/06 – 2009/10)*. Main Text (Vol. I). Addis Ababa, September 2006.
2. Ministry of Finance and Economic Development (2007): *Ethiopia: Building on Progress: A Plan for Accelerated and Sustained Development to End Poverty (PASDEP), Annual Progress Report 2006/07*, Addis Ababa, December 2007.
3. Mulat Demeke, Fantu Guta, Tadele Ferede (2006): *Towards a more employment-intensive and pro-poor economic growth in Ethiopia: Issues and Policies*. ILO Employment Strategy Department, Issues in Employment and Poverty, Discussion Paper 22, Geneva, March 2006.
4. Mulat Demeke, Tadele Ferede, Kindie Getnet and Nigussie Tefera (2008): *Making Economic Growth more Employment Intensive and Pro-poor. A Background paper for the Ethiopian National Employment Policy and Strategy (NEPS) and Summary Version*, Addis Ababa; August 2008.
5. ILO Decent Work Country Programme for Ethiopia: *A Case for the Cotton and Textiles Sector, ILO Intervention and Support*, (undated).
6. ILO Decent Work Country Programme: *Employment Plan for Ethiopia* (draft, undated).
7. ILO Sub-regional office for Eastern Africa (2008): *Traditional Weaving Sector Value Chain Analysis and Upgrading Workers undertaken by ILO in Ethiopia: The Case Study of Women Weavers in the Shiromeda area of Addis Ababa*, June 2008.
8. Memorandum of Understanding between the ILO and the Government of Ethiopia represented by the Ministry of Labour and Social Affairs with respect to the project on “Operationalizing Pro-poor Growth in Ethiopia” January 2007.
9. Main project document and progress reports related to the project on “Operationalizing Pro-poor Growth in Ethiopia”.
10. World Bank (2007): *Urban Labour Markets in Ethiopia: Challenges and Prospects: Synthesis Report (Vol. I) and Background Papers (Vol. II)*. Poverty Reduction and Economic Management Unit Africa Region, March 2007.
11. MOFED Ethiopia: *Guidelines for the Preparation of Public Sector Projects*.

12. The UN Development Assistance Framework for Ethiopia (UNDAF) 2007–2011.

ANNEX V PARTICIPANTS, ETHIOPIA NATIONAL WORKSHOP, JULY 2008

Government Ministries, Agencies and Social Partners in Attendance¹²

1. Ministry of Labour and Social Affairs:
 - Employment and Manpower Dept
 - Industrial Relations Dept
 - Occupational Safety and Health Dept
 - Labour Advisory Office
 - Public Relations Dept
 - Family Welfare Authority
 - Industrial Disputes team

2. Confederation of Ethiopian Trade Unions (CETU)
3. Ministry of Finance and Economic Development (Head, DPRD)
4. Privatization and Public Enterprises Supervising Agency
5. Ethiopian Revenue and Customs Authority
6. Ministry of Foreign Affairs
7. Ministry of Federal Affairs
8. Federal Civil Service Agency
9. Social Security Agency
10. Federal Micro and Small Enterprise Development Agency
11. Quality and Standards Authority of Ethiopia
12. Ministry of Trade and Industry
13. Ministry of Works and Urban Development
14. Ministry of Education (Planning and Policy Analysis Dept)
15. Ministry of Health
16. Ministry of Agriculture and Rural Development
17. Ethiopian Horticulture Producers Exporters Association
18. Ministry of Women's Affairs
19. Ministry of Transport and Communications (Policy Dept)
20. Ministry of Transport (Civil Aviation Authority)
21. Ministry of Mines and Energy
22. Ethiopian Electric Power Corporation
23. Ethiopian Science and technology Agency
24. Ministry of Water Resources
25. Ministry of Youth and Sports
26. Central Statistics Agency (Manpower Statistics team)
27. Ministry of Justice

¹² Taken from A. Albee Mission Report: July 2008.

28. Ministry of Information (Communications Research team)
29. Ethiopian Information, Communication and Development Agency
30. Addis Ababa City Government
31. Oromia Labour and Social Affairs Bureau
32. Ambo University College
33. Amhara Rural Roads Authority