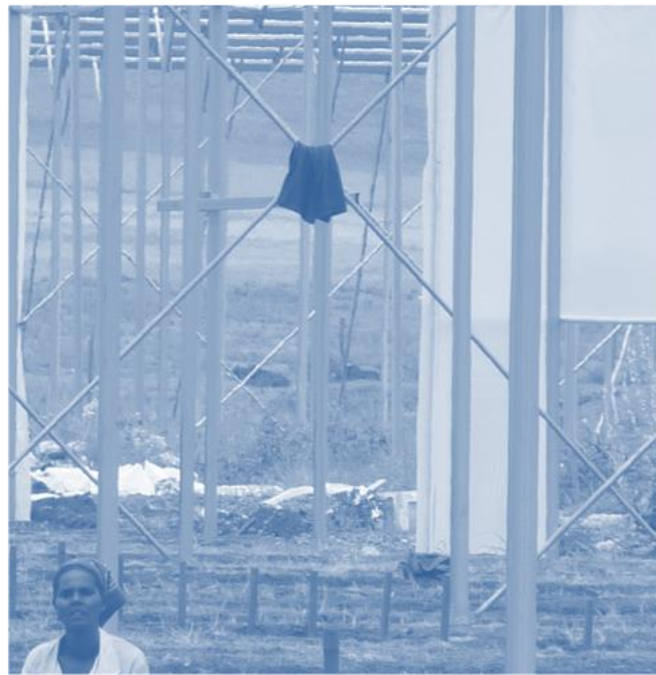




Country Report Ethiopia

JOB POLICY REVIEW, PRIVATE SECTOR DEVELOPMENT

Country studies



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Abbreviations

CBI	Centre for the Promotion of Imports from developing countries
CD-Fund	Capacity Development Fund
CGN	Center for Genetic Resources (CGN) of Wageningen University
DDE	Sustainable Economic Development Department
DECP	Dutch Employers' Cooperation Programme
ECP	Export Coaching Programs
ERCA	Ethiopian Revenues and Customs Authority
EKN	Embassy of the Kingdom of the Netherlands in Addis Ababa
EVD	Economische Voorlichtingsdienst
FMO	Dutch development bank
FTO	Fair Trade Original
GDP	Gross Domestic Product
GIZ	German International Cooperation
GoE	Government of Ethiopia
IC	Investment Climate
IDH	Dutch Sustainability Trade Initiative
IFC	International Finance Corporation
ILO	International Labour Organization
IOB	Inspectie Ontwikkelingsamenwerking en Beleidsevaluatie
MASP	Multi annual strategic plan
MFIs	Microfinance institutions
MoARD	Ministry of Agriculture and Rural Development
ODA	Official Development Assistance
ORET	Ontwikkelingsrelevante exporttransacties
ORIO	Facility for Infrastructure Development
PPP	Public Private Partnership
PSD	Private Sector Development
PSI	Private Sector Investeringsprogramma
PSOM	Programma Samenwerking Opkomende Markten
PUM	Programma Uitzending Managers
SME	Small and Medium sized Enterprise
United States Dollar	US\$
WEF	World Economic Forum
WTO	World Trade Organization

1 Introduction

This country report covers the Netherlands Ministry of Foreign Affairs' Private Sector Development programmes and expenditures in Ethiopia in the period 2005-2011. The report is part of a series of four country studies covering Bangladesh, Vietnam, Burundi and Ethiopia. Triodos Facet was contracted to implement these country studies by the Ministry of Foreign Affairs' policy evaluation department IOB (Inspectie Ontwikkelingssamenwerking en Beleidsevaluatie, in Dutch) through competitive tendering.

The country studies are part of the Policy Review on Private Sector Development, which was implemented by IOB. The findings of the four country studies are analysed in the *Country Studies Synthesis Report*. This synthesis report, which is part of the IOB PSD research, also provides a more elaborate description of the background of the PSD policy review, as well as a detailed description of the research methodology and approach chosen for the country selection.

1.1 Evaluation objectives and research questions

The overall aim of this 'country study' is to analyse how the Dutch PSD policy was conceived and applied in Ethiopia between 2005 and 2011: what was the underlying rationale that has led to the PSD program, were there links and/or synergy between the Dutch PSD instruments and what can be said about the effects of the PSD interventions. The table below presents the overall research questions and the items in green and italic highlight the issues that are investigated in this country study.

#	Main questions	Sub-questions
1	What is the Dutch PSD policy, what are its objectives, instruments and expenditures?	1.1 What is the Dutch PSD policy, what was its rationale? 1.2 What instruments are used, and which problems do these instruments seek to solve?
2	Is the PSD policy <i>applied</i> in the way the PSD Policy intended?	2.1 Are the instruments in line with the Policy? <i>2.2 How is Dutch PSD Policy applied in country X?</i>
3	<i>Is there a link between the PSD instruments used, is there synergy?</i>	<i>3.1 What kind of relationships exist between the PSD instruments in country X?</i> <i>3.2 Is there synergy between the PSD instruments in country X?</i>
4	Are the instruments and PSD programmes driven by demand of the actors in the countries?	4.2 What are the methods used to determine demand drivenness and how is compliance assured by Dutch PSD instruments? 4.3 To what extent has the PSD approach, resulting programme and have the projects undertaken been driven by demand of actors in country X? How is demand-drivenness assured in specific country circumstances?
5	<i>What is known about the effects (outcomes and impacts) of the PSD Policy in the four researched countries?</i>	<i>5.1 Which evaluations are available that describe effects (outcome, and/or impacts) at enterprise level?</i> <i>5.2 What other sources are available that describe effects on enterprise level?</i> <i>5.3 What is known about effects beyond enterprise level (sector and systemic level) in evaluations, and other sources?</i>

1.2 Structure of the report

The structure of this Ethiopia country report is as follows.

In chapter two, background information on the state of the private sector in Ethiopia in the period 2005-2011 is provided, to contextualize the Dutch efforts for private sector development in Ethiopia. The country's relevant macroeconomic indicators as well as the Ethiopian governments' PSD policies are described. In addition, the chapter provides an overview of the main "binding constraints" that affected private sector development in the period under review.

Chapter three elaborates on the Dutch approach for PSD development in Ethiopia. This approach is described taking into consideration the views and role relevant stakeholders in this regard, including the Embassy of the Kingdom of the Netherlands (EKN), DDE and last but not least the private sector in Ethiopia itself.

Chapter four elaborates on the objectives and results of the PSD projects which have been undertaken in Ethiopia over the 2005 – 2011 period. As much as possible, the reported results in the chapter are based on previous project evaluations. Throughout the chapter, the reported effects are evaluated against developments in the private sector at large as witnessed by movements in the so-called binding constraints earlier identified in chapter two.

In chapter five, the team comes to an assessment of the role of DDE and the EKN in the private sector development programme in Ethiopia, as well as assesses the effects of the PSD programme, and its contribution to relieving the aforementioned binding constraints. The chapter also considers whether and to what extent the PSD programmes and projects in Ethiopia have overlapped, or created links or synergy.

Finally, chapter six highlights the main conclusions of the report.

2 Background on private sector development in Ethiopia

2.1 Economic development in Ethiopia

Ethiopia has been one of the fastest growing non-oil dependent countries in Africa in the period 2005-2011. The country is still associated with chronic food insecurity, and with the Eritrean–Ethiopian War, which was terminated in the year 2000. However, since then, significant investments have been made to support economic growth and improve the standard of living, both by government (the termination of the war made resources available, reducing defence expenditures from 13% of GDP in 2000 to the current 2.7%) as well as through support from the international community. Ethiopia benefitted from the Heavily Indebted Poor Countries (HIPC) debt relief initiative. In addition, Official Development Aid (ODA) for Ethiopia rose from US \$370 million in 2000 to US \$3,5 billion in 2010¹ (12% of the Gross National Income).

Ethiopia is a country in transition—from a unitary to a federal state, and from a command economy to a free market economy. Ethiopia is not a Member of the World Trade Organization (WTO) but has begun the process of acceding to the WTO.²

The government increasingly supports and promotes economic development. Still, compared to other African countries, the formal private sector share of the economy (27%) and contribution to employment (5.8%) is low³. The double-digit economic growth of the economy with such a limited contribution of the private sector illustrates the heavy involvement of the government in the economy. The investment contribution of the formal private sector to the GDP, according to recent studies, is at 8.8%, which is much lower than the Sub Saharan average (18%) and far lower than similarly fast growing economies (average 25%).

Import and export are highly regulated by the national government. In general, imports (33% of GDP) are still much higher than exports (11% GDP), resulting in a significant trade deficit. Ethiopia's main export product is coffee, although the export has begun to diversify in the last years. One example of this diversification is the growth in floriculture and horticulture exports.⁴ Other export products are leather, pulses, oilseeds, khat, sugar and gold.⁵ The main import product is petroleum.

In spite of high rates of growth, most Ethiopians live in poverty. Ethiopia is one of the poorest countries in the world, ranking 170 out of 177 countries in the Human Development Report 2005, and 174 out of 187 in 2011⁶. In 2008, 42% of the population lived below the poverty line of 1.25 dollar a day.⁷ Droughts, soil degradation, high population density, high levels of taxation and poor infrastructure are main obstacles to sustainable growth⁸.

Ethiopia's economy is based on agriculture, which accounts for more than 45% of GDP, 80% of exports, and 80% of total employment. Most Ethiopians are employed in agriculture at very low productivity levels, (value added <US\$150 / capita)⁹. The agricultural sector is typified by low inputs, low outputs and small plots. Because the majority of agriculture is dependent on rainfall, the rural population is highly dependent on rain for productivity and subsistence agriculture¹⁰.

In the period 2005-2011, a number of events in Ethiopia have affected private sector development and economic growth in a negative way:

¹ Ethiopia GDP in 2010 was 29,7 billion dollars –World Bank DevData Ethiopia

² <http://www.ustr.gov>

³ Ethiopian Chamber of Commerce, 2011

⁴ idem

⁵ <http://www.state.gov/r/pa/ei/bgn/2859.htm>

⁶ UNDP Statistics 2011; <http://hdr.undp.org>

⁷ World Bank 2011; <http://data.worldbank.org>

⁸ MASP 2008-2011

⁹ Results of Ethiopia Investment Climate Survey, World Bank 2007

¹⁰ "Plan for Accelerated and Sustainable Development to End Poverty"; Ethiopian Ministry of Finance and Economic Development, September 2006.

- The turmoil after the May 2005 third multiparty election, of which the results were highly disputed, had a negative effect on investments. It also caused donors, organised in the Donor Advisory Group (DAG), to review their development co-operation modalities to Ethiopia and many moved away from direct budget support.
- High inflation and a difficult balance of payments in 2008 and 2010, as a result of high fuel and food prices in the global market, resulted in limited import possibilities for the private sector. In the period 2008-2010, prices of food quadrupled from 12.8 per cent to 47.4 per cent per year.¹¹
- Mid 2011, two consecutive missed rainy seasons precipitated the worst drought in East Africa seen in 60 years, and limited the effect of the sustained economic growth on poverty reduction.

The table below provides an overview of the main development indicators for Ethiopia, and the way these figures progressed in the period 2005 to 2011.

Table 1: Main development indicators for Ethiopia period 2005-2011

Indicator Name	2005	2006	2007	2008	2009	2010	2011
GDP per capita (current US\$)	166	200	252	335	394	358	374
GDP per capita, PPP (current international \$)	636	711	798	883	951	1035	1116
GDP growth (annual %)	12	11	11	11	9	10	7
GINI index	29.83						
Inflation, consumer prices (annual %)	12	12	17	44	8	8	33
Population, total (millions of people)	74	76	78	79	81	83	85
Unemployment, total (% of total labour force)	5	17			21		
Foreign direct investment, net inflows (% of GDP)	2	4	1	0	1	1	
Imports of goods and services (% of GDP)	35	37	32	31	29	33	29
Exports of goods and services (% of GDP)	15	14	13	11	11	11	12
Net ODA received per capita (current US\$)	26	27	33	42	47	42	
Net ODA received (% of GNI)	16	13	13	12	12	12	

Source: World Bank (<http://data.worldbank.org/country/ethiopia>)

2.2 PSD policy in Ethiopia

In line with World Bank and international community recommendations on Poverty Reduction Strategy Papers at the time, the government of Ethiopia published its first Sustainable Development and Poverty Reduction Programme (SDPRP) in 2002. In the paper, the government recognizes that proactive development policies are needed to create an enabling environment for accelerated development and attainment of improvements in the standards of living of the people¹². The fundamental development objectives of the plan are to build a free-market economic system in the country, which will enable: a) The economy to develop rapidly; b) The country to extricate itself from dependence on food aid; and c) Poor people to be the main beneficiaries from economic growth.

In 2005, Ethiopia launched the first five-year Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) carrying forward the SDPRP strategic directions but also bringing in new elements and scaling up the efforts to achieve the Millennium Development Goals (MDGs)¹³.

Core objective of the PASDEP is to accelerate economic growth, based on commercialization of agriculture and accelerating private sector development. The policy specifically mentions government support for new promising sectors, including horti- and floriculture, as well as measures to improve access to credit for the

¹¹ Country in brief – World Bank: <http://go.worldbank.org/WA1RL12OLO>

¹² "Sustainable Development and Poverty Reduction Program"; Ethiopian Ministry of Finance and Economic Development, June 2002

¹³ Development Assistance group Ethiopia <http://www.dagethiopia.org>

private sector. In addition, major potential growth sub-sectors are identified, and high protective import tariffs have been set to protect the following local industries in selected import substitution sectors, such as Textile and Apparel industries, Meat, Leather and Leather products industries and Agro-processing Industries;

The high economic growth rates, as listed above, demonstrate that the stated reforms have been successful. Still, according to the World Bank Investment Climate Survey 2007, private investment in Ethiopia is far below potential. To meet the PASDEP objectives, more is needed to creating incentives for private sector to increase labour productivity and expand (investment, output levels, employment).

2.3 Binding constraints in the private sector

In line with the research approach, as laid out in the inception report, the PSD policy review team aimed to identify the main binding constraint in each of the five clusters of the PSD Policy. The five clusters as defined in the Dutch PSD policy are: (i) Infrastructure, (ii) financial sector, (iii) judicial system, (iv) market access and development, and (v) knowledge and skills.

The following section provides an overview of the binding constraints for the private sector in Ethiopia, for the period 2005 – 2011. The constraints listed below were gathered by means of a review of international literature and reports from mainly the World Bank, the IFC and the AfDB.

Because of the importance of agriculture to the Ethiopian economy, where possible, specific constraints to the agricultural sector have been highlighted.

2.3.1 Overview of binding constraints

Prior to the discussion of binding constraints within each of the five clusters, it is informative to give a more general overview of such constraints. To this end the results from the 2011 World Bank Investment Climate Survey for Ethiopia and IFC's Doing Business report are particularly insightful.

According to the Global Competitiveness Report of the World Economic Forum, based on a survey undertaken in 2007, the most problematic binding constraints related to private sector development were:

- Corruption (14% of the respondents)
- Inefficient government bureaucracy (14%)
- Inflation (13.5)

In its 2011 report, the Global Competitiveness Report highlighted a change in binding constraints related to private sector development, and the top three constraints were all related to business finance, namely:

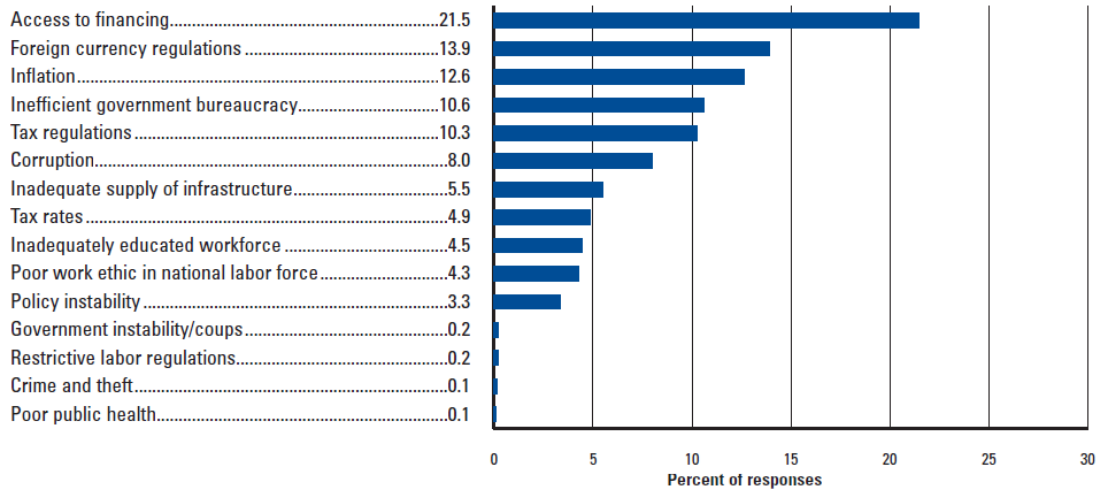
- Access to financial services (21.5% of the respondents)
- Foreign currency regulations (14%)
- Inflation (12.6%)

In the same report, it is highlighted that restrictive labour regulation (.2 per cent), crime and theft (.1 per cent) and poor public health (.1 per cent) are the least constraining obstacles.

Comparing the Global Competitiveness Reports of the World Economic Forum of the years 2005 and 2010, and also the World Bank Investment Climate Surveys of 2002 and 2006, corruption and access to land have been addressed and feature much less prominently in the top 15 of most problematic factors for doing business. Still, Ethiopian and foreign investors alike complain about preferential treatments to businesses owned by the government or associates of the governing party, who benefit from better access to bank credit, foreign currency, land and procurement contracts, and lower import duties.

Figure 1: Ethiopia ranking of investment climate constraints 2011

The most problematic factors for doing business



Note: From a list of 15 factors, respondents were asked to select the five most problematic for doing business in their country and to rank them between 1 (most problematic) and 5. The bars in the figure show the responses weighted according to their rankings.

Source: *The Global Competitiveness Report 2011-2012; World Economic Forum 2011*

2.3.2 Binding constraints in the financial sector

Private entrepreneurs’ limited **access to credit** is reported to be the most pressing and binding constraint for doing business in Ethiopia¹⁴. The Ethiopian financial sector is one of the least developed in Sub-Saharan Africa¹⁵. The sector is characterized by relatively shallow outreach and strong government control.

Data on access to credit ranking, comparing Ethiopia to other countries are only available for the year 2011. Ethiopia ranked 130 out of 183 countries in the IFC Getting Credit indicator. The indicators of the IFC Getting Credit survey do not demonstrate significant changes in access to credit, as can be concluded from the table below.

Table 2: Ethiopia, components of the IFC’s Getting Credit indicator (2005 - 2011)

Indicator	2005	2006	2007	2008	2009	2010	2011
Strength of legal rights index (0-10)	4	4	4	4	4	4	4
Depth of credit information index (0-6)	0	0	2	2	2	2	2
Public registry coverage (% of adults)	0.0	0.0	0.1	0.1	0.1	0.1	0.1
Overall ranking on Getting Credit indicator							130

Source: *IFC Doing Business Reports (http://www.doingbusiness.org/data/exploreeconomies/ethiopia)*

It is widely recognised that there is a pressing shortage of loan funds in Ethiopia. This is, to a certain extent, a result of Government regulations that oblige private commercial banks to buy government bonds equivalent to 27% of each loan made. A second constraint to access to finance (mainly for SMEs and start-up’s) is high collateral requirements (120% with the state owned Development Bank of Ethiopia¹⁶, 130% other banks). A third hampering element is the fact that international supplier credit is rarely allowed. An importer must apply for an import permit and obtain a letter of credit for 100 per cent of the value of imports before an order can be placed. Even then, import permits are not always granted.

¹⁴ The Global Competitiveness Report 2011-2012; World Economic Forum 2011

¹⁵ World Bank; Making finance work for Africa, Patrick Homohan and Thorsten beck; 2006.

¹⁶ DBE doesn't always really require collateral; but they do require the borrower to put up 40% of the value of the investment as "risk sharing".

Ethiopia's national bank (NBE) administers a strict **foreign currency control regime** and has a monopoly on all foreign currency transactions. The local currency (Birr) is not freely convertible. Also, Ethiopia maintains restrictions on the payments and transfers for current international transactions. Foreign investors and financial institutions are strongly discouraged by the restrictions on repayment of loans.

Financial services in Ethiopia are characterised by a high urban concentration – more than 52% of branches are located in eight major cities, where 7% of the population resides¹⁷. The **financial infrastructure in rural areas remains poor**, and farmers have virtually no access to financial services. According to current statistics, the local financial sector's exposure to agriculture is around 5 per cent of its outstanding portfolio, despite the relevance of the industry (50% of the GDP).

Still, the Ethiopian microfinance industry is rapidly growing. The number of micro-finance institutions that operate in the country reached 27 by mid-2006.¹⁸ Most MFIs are doing remarkably well in terms of financial performance given their relatively short track record. The number of active borrowers almost doubled, from 1.3 million in 2005 to 2.2 million in 2011.

The biggest challenges of the Ethiopian MFI sector at the moment are a lack of adequate wholesale funding possibilities. Very few MFIs have access to commercial lending sources and voluntary savings levels remain low. Additional obstacles are weak governance and management capacities to further develop MFIs into more mature institutions with diversified products. MIS systems, Social Performance Management, gender mainstreaming, and product innovation are also still underdeveloped¹⁹, although improvements in all these areas are steadily being made.

Table 3: Ethiopia, microfinance sector characteristics (2005 - 2011)

Indicator	2005	2011
Number of microfinance organisations	26	30
Deposit interest rate (%)	3-8%	3-8%
Lending interest rate (%)	12-24%	12-24%
Number of active borrowers	1,347,317	2,279,86

Sources: *MixMarket.org/Ethiopia* and *Association of Ethiopian Microfinance Institutions (AEMFI)*

In summary, it can be said that Ethiopian privately owned banks and MFIs are hampered by insufficient capital, and limited operational scale. Despite a growing number of banks and MFIs, credit provision remains well below the country's investment needs.

2.3.3 Infrastructure

Ethiopia's infrastructure tends to be centred in Addis Ababa and to spread from there outward. Infrastructure networks are largely isolated from those of neighbouring countries. On the transport side, a reasonable road corridor from Addis Ababa to neighbouring Djibouti provides access to landlocked Ethiopia's major port. There is also a rail corridor, although it is currently idle. Otherwise, Ethiopia's infrastructure networks provide no meaningful connectivity with neighbouring Kenya, Uganda, Sudan, and Eritrea²⁰. The country is thus unattractive to the private sector as a "regional hub".

Throughout the 2005 – 2011 period, infrastructure has been a constraint for private sector development. The Africa Infrastructure Country Diagnostic report "*Ethiopia's Infrastructure: A Continental Perspective*", of 2010 opens with the bold statement that **infrastructure constraints are responsible for an estimated 50 per cent of the productivity handicap** faced by Ethiopian firms. According to the report, power is by far the infrastructure constraint that weighs most heavily on Ethiopian firms.

¹⁷ World Bank; Making finance work for Africa, Patrick Homohan and Thorsten Beck; 2006

¹⁸ <http://www.aemfi-ethiopia.org/site/members-list.html>

¹⁹ Microned Country Scan Ethiopia 2007

²⁰ "Ethiopia's Infrastructure: A Continental Perspective", Africa Infrastructure Country Diagnostic; Vivien Foster and Elvira Morella; March 2010.

According to the World Bank, the country's greatest infrastructure challenge lies in the **power sector**, where a further 8,700 megawatts of power will be needed over the next decade—a doubling of current capacity. The plans for two new hydroelectric power plants aim to address these issues and would turn Ethiopia into a net power exporter, connected to Sudan, Kenya and Djibouti.

An additional important infrastructure related obstacle for private sector development is the limited availability of **telecommunications and internet services**. Ethiopia has the lowest telecommunications and internet penetration rate on the continent with just 4 telephone and 0.3 Internet subscribers per 100 people. Telecommunications service is available in most of Addis Ababa but often experiences cuts. Coverage and service in most other major towns is even more unreliable²¹.

Lack of (reliable) power, Ethiopia's exceptionally low levels of rural accessibility, and lack of irrigation infrastructure also are a core challenge to the agricultural sector.

In the period 2005-2011, the government of Ethiopia invested heavily in infrastructure, mainly airlines, roads, (hydro)power generation and telecom. The country developed Ethiopian Airlines (now one of the three main African airlines) and associated regional air transport hubs. It has launched an ambitious investment program to upgrade its network of trunk roads and is establishing a modern funding mechanism for road maintenance. Access to water and sanitation is expanding rapidly (from a very low base). And there is some progress in the telecom sector in terms of reduced prices, network expansion and restructuring the Ethiopia Telecommunications Corporation, the public monopoly operator. Ethiopia invests an estimated 10% of the GDP in ICT.²²

According to the World Bank, addressing Ethiopia's infrastructure deficit will require a sustained annual expenditure of US\$5.1 billion over the next decade. This level of investment is well beyond what the country can afford, as it represents more than 40 per cent of GDP and is three times the already impressive infrastructure spending of around US\$1.3 billion that the country invested annually in 2005 and 2006.

Table 4: Ethiopia, infrastructure development indicators (2005 - 2011)

Infrastructure related indicator	2005	2010
Energy production (kt of oil equivalent) in Ethiopia	20000	29581
Access to electricity (% of population connected to the grid)	No data available	17%
Quality of port infrastructure; WEF (1=extremely underdeveloped to 7=well developed and efficient by international standards) in Ethiopia	4	4
Roads; total network (km) in Ethiopia	No data available	44359
Roads; paved (% of total roads) in Ethiopia	14	
Mobile and fixed-line telephone subscribers (per 100 people) in Ethiopia	1.37	4
Fixed broadband Internet subscribers (per 100 people) in Ethiopia	0	0,3
Fixed broadband Internet subscribers in Ethiopia	80	1496

Source: <http://www.tradingeconomics.com/ethiopia/indicators>.

In summary, despite significant investments in infrastructure over the past years, the state of Ethiopia's infrastructure is considered insufficient but improving.

2.3.4 Skills and knowledge businesses

Ethiopia still remains behind many other countries on labour productivity, notwithstanding substantial investment in vocational training and higher education in general. Around 35 million people of the Ethiopian work force are characterized by low skill levels and educational qualifications. Only 10% of the urban population has post-secondary school education.²³

²¹ http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file319_15472.pdf

²² http://addischamber.com/AACCSA/userfiles/2011-09-29_PSDBooks/TelecomReportPrintV2_107PagesINDD.pdf

²³ Technical Vocational Education and Training in Ethiopia Mapping, Learn4Work, Schokland Programme on TVET, Edukans Foundation, January 2009, Addis Ababa

As a result, a mismatch between graduates' skills and labour market demand persists. Interviews with the private sector confirm this view. The specific knowledge and skills needs of growth sectors like export oriented agriculture, the construction sector and the service sector are not (yet) catered for by the educational system. Companies therefore still rely heavily on in-house training.

In the domestic agricultural sector, lack of skills and knowledge on agricultural practices and general lack of business skills in the agricultural sector are also often stated as a key binding constraint to improved smallholder income and increased agricultural productivity levels.²⁴

2.3.5 Rules and regulations for entrepreneurs

Ethiopia is in transition to a more liberal economy. Private entrepreneurs both big and small observe a 'world of difference' with the situation at the turn of the millennium. The government has undertaken a number of reforms to reduce **administrative barriers**, amongst which a new Customs Law, reforms of tax administration and reforms to attract foreign direct investment. Still, the vast majority of enterprises continue to experience problems with government regulations on a day to day basis.

In the period 2005-2011, the Ethiopian government has kept the private sector on a short leash. Its rank in the Doing Business hierarchy of IFC has not changed significantly in the period under review, as can be derived from the table below.

Table 5: Ethiopia, Ease of Doing Business (2005 - 2011)

Indicator Name	2005	2006	2007	2008	2009	2010
Ease of doing Business (out of 183 countries)		101	97	102	116	107

Source: IFC Doing Business

A pressing regulatory issue to the private sector is **access to land**, which needs to be requested for and allocated by the Government. All land in Ethiopia belongs to the state; there is no private land ownership. Land may be leased from local and regional authorities for up to 99 years. In practice, land has been made readily available by the authorities to foreign investors in manufacturing and agriculture business, but less so for real estate developers. For domestic SMEs, the issue of land is remains highly challenging.

Privatisation is taking place at a slower pace than desired by the international community. The Government of Ethiopia so far refrained from privatising companies that are **state owned** "strategic national assets", including enterprises in the banking sector, airlines, shipping and transport and telecommunications. It is often reported that state owned enterprises and enterprises owned by the ruling party were given **preferential treatment** by Government, for example in access to land, loans and obtaining import licences or foreign exchange.²⁵

A second concern remains that the **large number of (new) regulations** results in increased cost to businesses, which spends significant time and resources trying to find the right regulation to comply with. This can create an opportunity for rent seeking by officials. Limited skills and means (in terms of number of staff, skills of staff, availability of computers and equipment) within the government apparatus to implement regulations are also a hampering factor.

Also, **contractual enforcement** remains weak, with the legal rights index scoring only 4 out of 10. Ethiopia's judicial system is said to be inadequately staffed and inexperienced, particularly with respect to commercial disputes.²⁶ This results in a lack of trust between companies, and hampers synergy in the private sector, such as development of industrial clusters²⁷.

²⁴ World Bank 2007; Cultivating Knowledge and Skills to Grow African Agriculture; A Synthesis of an Institutional, Regional, and International Review.

²⁵ US trade relations office report 2010; <http://www.ustr.gov/countries-regions/africa/east-africa/ethiopia>

²⁶ http://www.ustr.gov/sites/default/files/uploads/reports/2009/NTE/asset_upload_file319_15472.pdf

²⁷ World Bank Investment Climate Survey Ethiopia report 2007

Private sector involvement in policymaking has been minimal²⁸, and there is no formal mechanism for consultation and dialogue with the government. Most **business associations** are limited in their ability to undertake effective business development services and advocacy for their members. There are currently around forty business associations in Ethiopia, with a very heterogeneous level of efficacy and representation.

Finally, there is severe government interference in **trade unions**. Trade union leaders are frequently intimidated and also in the period under review, trade union leaders have been imprisoned, removed from their posts and/or forced to leave the country.²⁹

Overall, the government of Ethiopia has made significant changes to allow for the private sector to become the “engine of growth”, but stays in control with laws, regulations and attitudes inherited from the former command economy.

2.3.6 Market Access and Market Development

In a general sense, entrepreneurs’ access to markets can be defined as access to local markets (e.g. smallholder farmers’ access to city markets within Ethiopia) and access to international markets (e.g. Ethiopian leather producers’ access to international markets). A quote from the MASP 2006-2008 summarised the market access situation of the Ethiopian agricultural sector in a striking manner:

“Agriculture in Ethiopia has two faces. On the one hand, the country is a successful exporter of coffee, oil seeds and flowers. This cash crop sector is responsible for 60% of Ethiopia’s total exports. On the other hand, the great majority of farmers are subsistence farmers, whose livelihoods are plagued by periodic droughts, soil degradation, high levels of taxation and poor infrastructure”.

Local markets for local produce have not developed significantly in the period 2005-2011. The Government of Ethiopia has much emphasised the development of export markets for Ethiopia, also because the country needs more foreign exchange earnings. Export increased significantly in a number of sectors that received special attention from the government.

Export of garments and footwear from Ethiopia has grown, mainly because of (mainly Chinese) investments in the industry in export processing zones set up by the Government of Ethiopia.

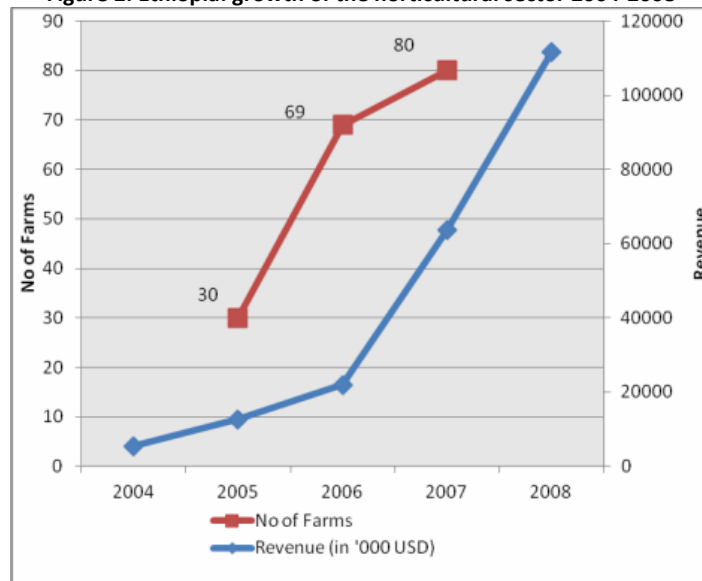
Also horticulture exports have grown significantly during the period under review. The number of companies operating in the sector was only 4 in 2003 and has increased to an estimated 103 producers. The main export products are roses. Foreign owned firms take a major share of the market, although close to 50% of the companies are owned and managed by Ethiopian entrepreneurs. The foreign owned companies command an advantage over the local ones in terms of knowledge, expertise, input procurement as well as marketing outlets. Knowledge transfer and ‘copy catting’ however has upgraded the performance of the locally owned farms as well. Ethiopia mainly exports flowers to markets in the Netherlands (80%), Germany (8%), USA (3%) and Japan ca. (2%). Even though the Dutch auction remains to be the major marketing outlet for most of Ethiopia’s flower produce, direct sales are made by foreign owned companies³⁰.

²⁸ SIDA 2009; Situation Analysis of Business and Sectoral Associations in Ethiopia; <http://www.businessenvironment.org/dyn/be/docs/211/10-PSDHub-BMOs.pdf>

²⁹ Interviews with Confederation of Ethiopian Trade Unions (CETU), FVN Mondiaal and Annual Survey of Violations of Trade Union Rights, ITUC-CSI, June 2010, www.ituc-csi.org.

³⁰ Triodos Facet, 2010; “Country report ETHIOPIA - PSOM/PSI AND MMF EVALUATION 1999-2009”.

Figure 2: Ethiopia: growth of the horticultural sector 2004-2008



Source: MoTI, 2009 and Joosten, 2007

The Ethiopian government offers many advantages for the floricultural (and horticulture) sector, including:

- Land and water are almost free of charge
- A 5 year tax holiday on earned profits
- Duty free import of agricultural inputs
- Support in capacity building, promotion and marketing (e.g. trade fairs) and investment and infrastructure (e.g. cool chain logistics)

The main contribution that the Ethiopian government expects in exchange for these advantages is that the exporting companies repatriate the foreign currency earnings to Ethiopia. A documentary on Aljazeera in 2011 featured tax evasion of Dutch horticultural exporters in Ethiopia. The issue remains sensitive as the entrepreneurs consider the tax regime and the system of foreign exchange control costly, but also unpredictable and cumbersome.

3 Dutch PSD Policy in Ethiopia 2005-2011

3.1 Rationale for PSD policy

In this chapter, an overview is given of the Dutch PSD Policy for Ethiopia over the period 2005-2011.

The Dutch PSD policy for Ethiopia was reconstructed through desk research (materials included letters to parliament, trade mission reports, annual plans and Multi Annual Strategic Plans of the Royal Netherlands Embassy in Addis Ababa) as well as through interviews in the Netherlands and Ethiopia. A full overview of the documents consulted and people interviewed is provided in the annexes to this report.

The objective of this chapter is to show what the rationale for the Dutch PSD policy was, how it evolved, and which stakeholders influenced the PSD policy over time.

3.1.1 View of the Royal Netherlands Embassy in Ethiopia

The Netherlands has an embassy in Ethiopia since 1950.³¹ For the current Dutch development policies, Ethiopia is a 'profile 1' country, for which the achievement of the MDGs is central to the ODA relationship.

EKN Ethiopia is one of the few embassies that included private sector development as a key development objective in its Multi Annual Strategic Plans (MASPs). As a result, the Embassy's PSD budget is significant. In the period 2005-2011, EKN funded 26 PSD projects, with a total expenditure of over € 72 million. The projects funded relate to rural economic development, food security and private sector development.

Summary of the policy

The PSD policy of the EKN in Ethiopia for the period under review is described in two MASPs, one covering the period 2005-2008 and one covering 2008-2011.

Throughout the period under review, the embassy distinguishes two priority areas for private sector development, namely 1) rural economic development and food security, and 2) Improving the investment climate and private sector development.

EKN also supported cash-for-work programmes or safety net programme, which effects payments to households in food insecure regions³². Although food security remains a pressing issue in Ethiopia throughout the period under review, the link between the food security payment programmes and private sector development as defined by DDE is not evident. Non PSD related food security projects were therefore left out of the analysis of this PSD policy review³³.

In the MASP 2005-2007, EKN Ethiopia focusses on influencing governance, the human rights situation and on regional security, as well as provides support to programmes that work on poverty alleviation, fostering sustainable growth, and investing in health, education and the rights of women. Private sector development is not at the core of the activities, but is seen as an ingredient needed for poverty reduction and achievement of the MDGs in Ethiopia.

In the MASP 2008-2011, the embassy elaborates a set of strategic results related to Sustainable Growth and Distribution, which are summarised in the table below.

³¹ <http://www.minbuza.nl/reizen-en-landen/betrekkingen/e/ethiopia>

³² EKN / Minister Koenders of Development Cooperation contribute over € 50 million to the second and third phase of the World Bank/ Government of Ethiopia Productive Safety Net Programme (PSNP), which takes food security payments to national scale.

³³ Annex 2 provides an overview of the projects were funded by the Embassy of the Kingdom of the Netherlands and that incurred expenditures under budget heading 4.3 in the period 2005-2011, but that are not considered as a private sector development programme.

Table 6: Extract on PSD from the Royal Netherlands Embassy MASP 2008-2011

Level	Description
Strategic EKN results	<ul style="list-style-type: none">- Restructuring the policy dialogue between government and donors on strategic issues of agricultural development and private sector involvement, combined with a well-structured follow up through a multi donor support programme;- At least three public private partnerships established on horticulture, oilseeds and seed sector;- Increased added value and chain integration in fruits, dairy, oilseeds and honey;- Graduation of formerly food aid dependents to self-sufficiency through the Productive Safety Net Programme;- Stronger business organisations and better position within public-private dialogue.

Source: Royal Netherlands Embassy MASP 2008-2011

The main tools or strategies of the EKN to achieve the results are policy influencing, providing non-financial support to the private sector, funding PSD programmes and projects and actively developing PSD programmes/projects.

In the paragraphs below, the EKN strategies for achieving the results are described.

Policy dialogue

In EKNs view, the policy dialogue with the Ethiopian government is an important instrument to strengthen the “role, mandate and means of the private sector in the development process in Ethiopia³⁴”. EKN engages in dialogue bilaterally as well as through two working groups under the donor coordination body, called the Donor Assistance Group (DAG), in which the major donors are represented.

The Rural Economic Development and Food Security (RED-FS) and the Ethiopia Private Sector Development and Trade Technical Working group (PSD&T TWG) are the PSD relevant sub-groups of the DAG in which the Netherlands participated. It was mentioned that participating in these working groups absorbed a lot of time from EKN.

The public private dialogue in the Private Sector Development and Trade Technical Working does not progress well. The donor community does not reach an agreement on how to approach multi-donor support to improving the business climate and facilitating a public private dialogue, and within the Ethiopian government the dialogue with the private sector is not prioritized. The initiative stagnates and does not harvest tangible results³⁵.

More progress is made in the RED-FS working group. As co-chair of the DAG group on Rural Economic Development and Food Security (RED-FS), EKN effectively worked on getting the GoE on board in the working group. Also, the policy dialogue on Agricultural Development, in the RED-FS working group resulted in the desired new multi-donor trust fund, the Agricultural Growth Programme (AGP). The AGP is further elaborated on in section 4.3 of this report.

Besides though participation in the DAG, the Netherlands also engaged with the Government of Ethiopia to talk about issues in the business climate. Embassy staff mentioned that on several occasions, attempts were made to speak about opening the Ethiopian financial sector to foreign capital. On this topic, however, no progress was made. The Embassy also supported on pressing constraints for the Dutch entrepreneurs in Ethiopia, including with a report on views and recommendations,³⁶ which was presented to the Prime Minister in 2011.

Non-financial support to the private sector

In the period 2005-2011, Dutch business interest and investment in Ethiopia are on the rise, especially in the floriculture sector. The embassy throughout the period under review is quite busy facilitating trade missions, promoting investments by Dutch companies and providing support to individual Dutch enterprises on issues with the Ethiopian government. Also, the EKN in Addis provides input to the ‘instruments for businesses’ (PSOM/PSI, PUM etc.), by advising project applicants on whether their proposals are in line with the country’s focus and the Embassy’s themes and priorities, and by giving

³⁴ MASP 2008-2011

³⁵ <http://www.dagethiopia.org>; section on Ethiopia Private Sector Development and Trade Technical Working group (PSD&T TWG)

³⁶ “Doing Business in Ethiopia – Views and recommendations of Dutch companies”; May 2011.

advice and establishing new connections (also to avoid duplication). The role of the Dutch PSD policy on the growth of the Ethiopian horticulture cluster is further elaborated on in section 4.7 of this report.

Funding PSD projects

During the period 2005-2011, EKN funded 19 programmes under budget heading 4.3, of which 11 programmes are included in the review as PSD programmes. The EKN role or PSD policy behind the funding decisions can be grouped into three decision making models. First, there is a group of multi-donor programmes and related smaller projects. Next, there are the PPPs and value chain development programmes (partially) designed and funded by EKN, and finally there are projects that arose out of a relationship, in which the EKN is a mere funder.

- Multi-donor programmes- "Speedboats and tankers"

As described above, EKN supported two multi donor trust funds in the period 2005-2011, namely the Productive Safety Net Programme and the Agricultural Growth Programme (AGP). The influence of EKN on the PSNP was said to be limited, probably also because EKN joined the PSNP when it was already operational, and was a relatively small donor. To the formation of the AGP, EKN did actively contribute, also by funding research work and government capacity building initiatives. EKN's leading role effectively preparing the ground for the AGP was confirmed by other donors, the Government of Ethiopia and the World Bank.

When explaining the funding decisions for projects related to rural economic development and private sector development, EKN often uses the analogy of "speedboats" and "tankers". On the one hand, big projects are supported, the so-called "tankers". These are said to be the multi-million, multilateral donor projects that are supported by the Embassy, and aim to have significant impact through a carefully designed intervention model with a multitude of implementation checks and balances. On the other hand EKN also funded a number of small projects, referred to by them as "speedboats". These speedboat projects were said to be more risk taking, innovative interventions, and include the CASCAPE project and Small Vegetables. The aim of the embassy has been to influence the multi-donor (tanker) projects by demonstrating successful innovations (speedboat projects). The review however did not find evidence of innovative "speedboat" projects influencing the multi-donor "tankers".

- "Entrepreneurial embassy" programmes

The EKN pro-actively developed a vision on agricultural value chains. In 2003, it already commissioned a research on value chains and their potential for inclusive rural development. The study identified potential intervention models, and provided recommendations on value chains with the potential of impacting the income levels of many subsistence farmers. In line with the main recommendations, EKN asked SNV to develop a value chain development proposal to support farmers' higher productivity and improved market access. The result was the BOAM project on Business Organisations and Access to Markets.

In the PPP intervention model, the EKN even went a step further and took an active role not only in the design but also in the implementation of a PSD programme. During the World Summit for Sustainable Development, Minister Koenders and Minister Verburg announced their Memorandum on Agriculture, Rural Economies and Food Security³⁷. The EKN received a full time Agricultural Counsellor, who pro-actively formulated Public Private Partnership (PPP) projects. Specific sectors were selected to target PPP interventions, based on (Dutch) business interest in the sector, the potential of the sector for (agricultural) development, activities of other donors and priorities of the government of Ethiopia. Three new PPPs were defined and initiated in the horticulture, the oilseeds and the seeds sectors, in which the embassy had an active say. These PPP projects are further elaborated on in section 3.7 of this report.

- Relationship programmes

A third category of funded programmes can be distinguished as relationship-programmes. The funding decision was to an important extent driven by the ambition to build or strengthen a relationship with the receiving organisation. This is the case for the support provided to the Mercato Women Entrepreneurship programme of the Addis Chamber of Commerce. The objectives of the programme fit well within the

³⁷ 2008 Koenders/Verburg nota ' Landbouw, rurale bedrijvigheid en voedselzekerheid'

overall objectives of PSD. The project itself does not have any evident linkage with the rest of the decentral Dutch PSD programme.

3.2 Role of the private sector

The role of the private sector on the EKN supported PSD program in Ethiopia has been significant. Influence on civil, multilateral and central PSD instruments, however, has been more limited.

Dutch businesses in Ethiopia tend to be well acquainted with the Embassy, and are aware of the support that relevant PSD instruments (including the Embassy itself) offer. A number of enterprises expressed their positive experience interacting with the Embassy.

The Dutch and Ethiopian private sector have been involved by the embassy on the design and implementation of several programmes, including the PPPs on horticulture and oilseeds, and the joint working programme with ERCA. There is frequent contact between the EKN and the Addis Ababa Chamber of Commerce, recognised to be the strongest or most relevant representative of the Ethiopian private sector.

3.3 Role of the Ministry/DDE

The Sustainable Economic Development Department (DDE) is a policy theme department of the Ministry of Foreign Affairs. DDE comprises 3 different divisions:

- International Markets Division (DDE/IM)
- National Policy Environment Division (DDE/NB)
- Entrepreneurship and Business Development Division (DDE/OB)

Ethiopia was one of the first countries that chose PSD as a 'sector', when the "sectoral approach" was introduced under minister Herfkens in 2000, and continues to have the largest PSD budget of all Embassies (especially if investments in food security (4.1) are viewed as part of PSD).

Since 2000, DDE provided advice to EKN in the development of its private sector development and its rural economic development & food security strategy and its programming. DDE has visited Ethiopia at least once per year ever since 2002, the year the new strategy became operational.

Within DGIS, there was initially not so much interest in or support for (especially) rural economic development and food security as strategic priorities for EKN Addis. DDE lobbied for EKN in obtaining political support for these choices.

When in a later phase, rural development and food security returned to the policy agenda under Minister Koenders³⁸, experiences of EKN Addis were leading in the development of the policy memorandum. In this period, DDE provided back stopping to both other departments within the Ministry of Foreign Affairs (for example on donor harmonisation, land administration and food security) as well as to the Agricultural Counsellor who arrived at EKN Addis in 2006 (mainly on Public Private partnerships and value chain development).

In sum, in the Ethiopia PSD programme, the main roles of DDE have been:

- ✓ Counterpart to the Economic Cluster at EKN Addis (the First Secretary Rural Economic Development & Food Security, First secretary PSD and the Agricultural Counselor) on all economic programmes mentioned in the MASP
- ✓ Lobby for and provide support to EKN Ethiopia in obtaining approval for its PSD plans within DGIS
- ✓ Advice EKN in development of the MASPs
- ✓ Monitoring of the Dutch PSD activities in the context of reporting to Dutch Parliament

³⁸ Koenders/Verburg memorandum on Agriculture, Rural Economic Development and Food Security

4 The Dutch PSD programme in Ethiopia

This chapter details the objectives and results of the PSD projects which were funded by the Netherlands and undertaken in Ethiopia in the period 2005 – 2011. Where possible, the reported results in the chapter are based on previous project evaluations. In most of the cases however, results validated by an external evaluation cannot be presented. In these cases, the team quotes the results as stated in the project’s latest report.

The instruments and their respective effects are described per cluster, followed by an assessment of their contribution to the overall development within the cluster. In other words, the chapter describes the instruments’/programmes’ contribution to alleviating the so-called binding constraints earlier identified in chapter two.

It should be noted many of the programmes / instruments cover more than one cluster. In those instances, the instrument has been classified according to the cluster it best fits. Instruments/programmes that have a holistic approach, aiming to resolve constraints in all clusters, are described in a separate paragraph called “multiple cluster initiatives”.

Spending per PSD Cluster

The overall expenditures on PSD in Ethiopia in the period 2005-2011 amount to € 100 million. As can be derived from the table and graph below, the vast majority of instruments (16 out of 33) and funding (over 50%) targeted the skills and knowledge cluster. PSOM/PSI, ICCO and the AGP are the most resource intensive programmes in the “skills and knowledge” cluster. Expenditures in the finance cluster account for 2% of the total PSD expenditures, which can be explained by the restrictive regulations on foreign investments for the financial sector in Ethiopia, which make it unattractive for instruments like FMO or Terrafina Microfinance to invest.

Table 7: PSD expenditures per cluster (2005 – 2011)

PSD Cluster	No. of instruments	Expenditures in EUR, (2005-2011)
Finance	4	7.839.572
Infrastructure	1	3.362.169
Legal & Regulatory	4	5.413.219
Skills and knowledge	16	47.866.458
Market Access	4	7.836.246
Multiple clusters	4	Spread over the above clusters in %
Grand Total	33	72.317.664
<i>Of which grants</i>		70.238.783 (97%)
<i>Of which loans / guarantees</i>		2.078.881 (3%)

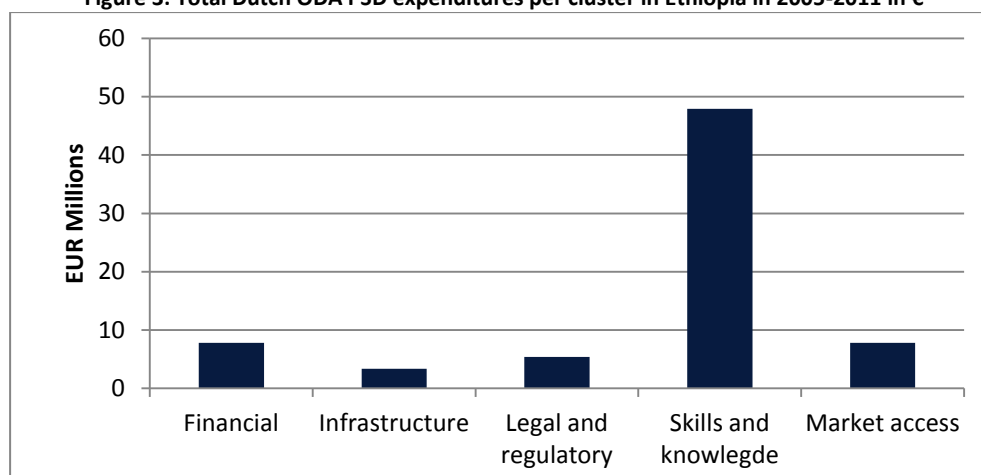
Table 8: Size of instrument

Size	Total expenditures 2005-2011	No. of instruments	% of total expenditure 2005-2011
> 5 million EUR	€ 47.743.818	6	67%
< 5 million EUR	€ 24.573.846	27	33%

For presentation purposes, we have spread the 33 PSD instruments in the table below over the five PSD clusters and the additional multi-cluster row. However, it should be noted that most instruments do not focus on a single “cluster” exclusively. Most programmes focus on a specific cluster (market access, access to finance) but also offer TA or funding in other clusters. In the overview of expenditures per cluster, this was taken into account by spreading the expenditures of the programme over the various clusters.

The distribution of expenditures over the clusters is expressed in below figure.

Figure 3: Total Dutch ODA PSD expenditures per cluster in Ethiopia in 2005-2011 in €



Source: Data collected from the 33 PDS instruments by IOB and Triodos Facet

4.1 Financial sector

4.1.1 Overview

Summary of expenditures

Within the cluster “financial sector”, four (partially) Dutch funded PSD interventions were implemented in the period 2005 – 2011. The table below provides an overview of these interventions and associated expenditures over the period 2005 – 2011.

Table 9: Ethiopia, Dutch PSD instruments for the financial sector; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
FMO Capacity Development	-	-	-	-	-	100.155	28.665	128.820
IFC (Warehouse Financing)	-	-	-	-	-	-	-	unknown
Oxfam Novib*			558.000				153.250	711.250
Oxfam Novib* loans/guarantees								1.100.000
Terrafina Microfinance (grants **)	418.376	579.640	538.445	747.646	923.050	1.071.671	534.231	4.813.059
Cordaid grants	129.000	<i>further Cordaid grants are listed in the section “skills and knowledge”</i>						129.000
Cordaid loans/guarantees	135.000	265.000	-	-	110.000	273.900	-	783.900

Source: information from FMO, Oxfam Novib, Terrafina Microfinance and Cordaid.

* for Oxfam Novib the distribution over the years is not available for the period 2005-2010

** The table provides the grants disbursement of Terrafina Microfinance with MFS1 funds only, the Rabobank Foundation contribution of around €600.000 is not included.

Summary of effects

In the table below, an overview is given of the effects of the various instruments within the financial sector cluster. It should be noted that the column “summary of effects” should be treated with care because evaluation reports satisfying IOB criteria are not available for these interventions. The described effects are the effects that were reported during field interviews and/or in progress reports.

Table 10: Ethiopia, Dutch PSD instruments (financial sector); overview of effects (2005 – 2011)

Intervention	Level	External evaluation	Summary of effects
FMO Capacity Development fund	Systemic	No	<ul style="list-style-type: none"> • Social performance management (SPM) systems operational with one Ethiopian MFI • Improved capacity of medical staff in a private hospital specialised in cardio vascular diseases
IFC (Warehouse Financing)	Systemic	No	<ul style="list-style-type: none"> • Guarantees provided to 7 banks for agricultural commodity warehouse financing in partnership with ECX • Warehouse financing capacity of bank staff strengthened
Oxfam Novib	Systemic	No	<ul style="list-style-type: none"> • Strengthened capacity of the national microfinance association • Increased access to remittances services for rural Ethiopians and diaspora • Expanded outreach of three MFIs • Improved financial performance of 6 MFIs
Terrafina Microfinance	Systemic	No	<ul style="list-style-type: none"> • Increased outreach of financial services to rural Ethiopians • Innovative value chain finance products introduced, benefitting farmers
Cordaid	Systemic	No	<ul style="list-style-type: none"> • Financially supported an MFI and an SME through a joint guarantee facility with Rabobank Foundation and Terrafina microfinance

4.1.2 Objectives and effects

FMO Capacity Development programme

Objectives

The FMO 'Capacity Development' programme is funded by DDE and provides grants for capacity building of financial institutions in the area of management development, organisational development, corporate governance, environmental and social performance and product development.

FMO CD supported two initiatives in Ethiopia:

- *Training of medical staff of a private hospital specialized in cardio vascular diseases.* The largest sub-project was training on specialization in echocardiograph, pacemaker/AICD programming, and interventional cardiology for Ethiopian doctors in Sweden. The three other sub projects were: training of intensive cardiac care unit nurses (8 months) in Sweden, locally conducted trainings by foreign doctors and nurses, and 4 doctors attending International conferences.
- *Support the implementation and optimisation of a Social Performance Measurement system.* The beneficiary of the grant was microfinance organisation Buusa Gonofa, who is also an investee of Terrafina in Ethiopia. The grant was used to develop and implement a Social Performance Management system, which is still operational and used by the MFI as a management information and reporting tool. According to the manager, the tool has also served to optimise the MFI's services to clients.

Table 11: FMO CD projects in Ethiopia

Partner	Project title
Addis Cardiac Hospital (ACH) (with partner Swedfund)	Training of medical staff of a private hospital specialized in cardio vascular diseases
Buusaa Gonofa , MFI, (with Terrafina)	Support the implementation and optimisation of a Social Performance Measurement system

Source: FMO Capacity Development programme

Effects

The FMO Capacity Development programme was evaluated in 2011 by Triodos Facet and MDF. The report however does not contain detailed information on the programme's effects in Ethiopia.³⁹

IFC Warehouse Facility

Objectives

In April 2009, IFC launched the Ethiopia chapter of its Global Warehouse Financing Program. The objective of the programme was to allow farmers more flexibility in the timing of their sales to protect them from price seasonality, and enhancing their incomes. Partner of the program is the Ethiopia Commodity Exchange, established in 2007. Local banks need to register as member at the Ethiopia Commodity Exchange (ECX) to be involved in warehouse financing.

Effects

No external evaluations are available on this specific project. So far however, according to the project website, seven banks have joined the ECX, including United Bank, Commercial Bank of Ethiopia, and NIB. IFC provided financing guarantees to the banks on their warehouse lending portfolio, and has also committed advisory services to them to strengthen the warehouse financing capacity of bank staff.

Oxfam Novib

Objectives

In the period under review Oxfam Novib supported microfinance organisations, AEMFI (the national Microfinance umbrella organisation) and projects related to migration and development in Ethiopia in the framework of PSD. The table below provides an overview of the nine projects that were funded.

Table 12: Oxfam Novib, projects in Ethiopia in the period 2005-2011

Partner	Project title
AEMFI	Ethiopian MFI sector support 2007-2009 Ethiopian MFI Sector support 2010-2012 Enhancing Microfinance and Remittances
MFIC	Enhancing Microfinance and Remittances
ORDA	Sekota IRDP Project
Oxfam Novib	Enhancing Microfinance and Remittances
Poverty Eradication & Community	Rural outreach expansion
REST	phase out project
Stichting DIR	Evaluation Strategic Plan DIR Foundation, 2009

Source: Oxfam Novib

The section below provides an overview of the main objectives and results of these initiatives.

Oxfam Novib supported three MFIs (PEACE, ESHET and DECSI) with both grant (EUR 450,000) and loan funding (EUR 1.1 million) to expand their outreach with a targeted 35,000 additional clients. In addition, Oxfam Novib and Terrafina cooperated to support AEMFI (the national Microfinance umbrella organisation) to further its lobby and advocacy capacity, as a joint working strategy planned in the framework of MicroNed. A Partos commissioned evaluation on microfinance activities of CFAs mentions "AEMFI, co-operating with Oxfam Novib and Terrafina, is a visible platform between the MFIs and the government. (...) the National Bank of Ethiopia (NBE) has tried to improve some of its guidelines issued earlier by relaxing constraining elements in these guidelines. AEMFI also played a significant role in creating a forum for the MFIs during the review of the new microfinance proclamation"⁴⁰.

³⁹ The evaluation of the CD programme states that the support on individual project level was effective. Main outcomes mentioned by beneficiaries were improved corporate performance because of market expansion, improved cost management and improved quality of service provision. The evaluation does highlight that the support has been fragmented, and the relation between FMOs core activities and the supported initiatives is not always evident.

⁴⁰ "Microfinance; Joint Evaluation of the Contribution of CFAs to the Microfinance Sector, 2003-2007"; Partos, April 2010

Oxfam Novib also worked on innovative models for migrant remittances by promoting partnerships among three MFIs in Ethiopia and financial institutions in the United States, where a significant number of Ethiopian migrants are settled. This activity was mainly funded by IFAD, but co-funded with MFS means. The result was increased access to international remittances services for 3000 rural Ethiopians and diaspora in the USA, Italy and Spain.

MicroNed

MicroNed, established in 2006, is a platform for cooperation for Dutch development organisations active in microfinance. In 2007, Ethiopia was identified as one of the focus countries of MicroNed. In the period 2005-2011, four MicroNed Members namely, Oxfam Novib, ICCO/Terrafina, Cordaid and Rabobank Foundation provided direct financial support to microfinance activities in Ethiopia. The 'lead party' for MicroNed activities in Ethiopia in the period 2007-2011 was Oxfam Novib.

MicroNed members also approached the EKN to explore the possible role of the embassy in alleviating some of the regulatory constraints in the microfinance sector through its policy dialogue in the Private Sector Development working group. The embassy (in consultation with other embassies) tried to bring the negative effects of the restrictive regulation on financial services to the attention of the GoE. So far, however, the government of Ethiopia has not been inclined to engage in a dialogue with the private financial sector international nor with the international donor community on this topic.

Effects

External evaluation reports approved by IOB with specific country data on Ethiopia are not available. A report by Ecorys, commissioned by Partos, titled "Microfinance; Joint Evaluation of the Contribution of CFAs to the Microfinance Sector, 2003-2007" (April 2010) is available, but does not provide country disaggregated information on the effects of the Oxfam Novib (or all CFAs) at Ethiopia country level.

Terrafina microfinance

Objectives

Terrafina Microfinance was founded in January 2005 as a joint microfinance programme of ICCO, Oikocredit International, and Rabobank Foundation. It offers African microfinance institutions (MFIs) a package of financial and technical support. In the case of Ethiopia, the budget included in the PSD review is limited to the contribution of ICCO to Terrafina Microfinance. The overall expenditures of the organisation (loans, grant and overhead) have been higher, but have largely been left out of the analysis because they are not part of the DGIS PSD means.

In Ethiopia, Terrafina Microfinance aims to support existing smaller-scale microfinance organisations in their growth ambitions. Terrafina Microfinance has been operational in Ethiopia since 2005, and provided seed capital contributions and technical support to eight MFIs in the period under review. Pilot initiatives for product diversification included value chain finance in the soya and the honey value chain, heifer loans, young entrepreneur loans, social scorecards, micro leasing efforts, and savings products. The organisation also works closely together with the national network AEMFI and the government cooperative agency to increase capacity and outreach of the rural SACCOs. Currently the program supports 11 cooperative Unions.

Effects

External evaluation reports on Terrafina Microfinance in Ethiopia are not available. A report by Ecorys, commissioned by Partos, titled "Microfinance; Joint Evaluation of the Contribution of CFAs to the Microfinance Sector, 2003-2007" is available, but does not provide country disaggregated information on the effects of Terrafina Microfinance (or all CFAs) at Ethiopia country level.

Terrafina Microfinance, however, counts with credit ratings on the supported microfinance organisations, which demonstrate development of the financial institutions in terms of client base, financial performance and introduction of new financial products.

With support of Terrafina Microfinance, the larger three MFIs have grown out of the start-up phase and are well on their way to financial sustainability. Buusaa Gonofaa grew from 15,000 to 60,000 clients, Wasasa and SFPI grew from 7,000 to 15,000 clients each. According to the programme manager, three smaller partners are also successful. Total outreach of MFIs has grown from 114,000 in 2007 to 208,000 in 2011 for the same number of MFIs. The 11 SACCO unions have a membership base of 230,000 in total.

The attribution of the provided support to the changes in the MFI client base and performance could not be assessed within the scope of this research. However, it was indicated by Terrafina and confirmed by other stakeholders that Terrafina Microfinance played a pioneering role in facilitating access to wholesale funding for non-state owned microfinance organisations by providing a guarantee fund to the Commercial Bank of Ethiopia. The credit was initially backed by a 95% portfolio guarantee, but now that the bank has gained familiarity with the microfinance organisation, the share of the loan guaranteed was gradually reduced to 55%. As a result, five private MFIs currently have a bank loan with the Commercial Bank of Ethiopia. The guarantee fund was mainly provided by ICCO, Cordaid and the Rabobank Foundation.

Cordaid

Objectives

As mentioned above, Cordaid was active in the financial sector, and supported microfinance organisations initially alone (in the 2005 and 2006 period through a direct loan of 400.000 Euro) and subsequently in partnership with Terrafina Microfinance and Rabobank Foundation through a bank guarantee of 273.900. Also a grant (of 129.000) was provided for capacity building and the strengthening of the MIS system through the 2005-2009 period. ‘

In addition Cordaid intended to provide loans for investments to two local companies in the apiary sector (APINEC and Bezamar). The budget of 160.000 reserved for a loan to APINEC was never issued, due to governance weaknesses within the company. A grant of 100.000 was provided to the company (85,000 in May 2008 and 15,000 in 2010) for training and organisation of bee keepers. Due to complicated regulations in Ethiopia related to foreign investment and the repayment of loans to Europe, investments in the other company Bezamar were provided through a local bank in the form of a guarantee fund. An initial guarantee to a value of Euro 110.000 was issued. The remainder guarantee of 140.000 Euro was never issued. As of early 2011, Cordaid decided to terminate all activities its private sector and financial sector programmes in Ethiopia because of changed priorities.

Effects

External evaluation approved by IOB with specific country data on Ethiopia are not available. A report by Ecorys, commissioned by Partos, titled “Microfinance; Joint Evaluation of the Contribution of CFAs to the Microfinance Sector, 2003-2007” (April 2010) is available, but does not provide country disaggregated information on the effects of the Cordaid’s microfinance activities at Ethiopia country level.

4.1.3 The contribution of PSD instruments to resolving binding constraints

As described in chapter 2 above, the financial sector in Ethiopia is characterised by shallow outreach and strong government control. The main binding constraints can be identified are:

- The sector is heavily regulated by the government of Ethiopia
- Outreach of financial services is very limited.

Lack of access to financial services continues to be a binding constraint to the private sector. Private enterprises often cite access to finance and the cost of credit as an important obstacle to business development and investment. The policy dialogue on this topic has not harvested tangible results so far.

The Dutch PSD programme contributed to access to finance in two subsectors:

- In the floriculture cluster, lobby of EKN and the Ethiopian Horticultural Producers and Exporters Association (EHPEA) offered some (minor) improvements in access to foreign exchange currencies for Dutch horticultural entrepreneurs.

- Private microfinance organisations' access to loans has improved with the Dutch funded guarantee facility, and new financial services have been developed and piloted. This has led to increased outreach of financial services to rural Ethiopians.

4.2 Infrastructure

Summary of expenditure

Within the cluster "infrastructure", the main Dutch PSD funding in Ethiopia has been through ORET. The table below summarizes the expenditures on infrastructure per year for the years 2005 to 2011.

Table 13: Ethiopia, Dutch PSD instruments for infrastructure; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
ORET	925.581	261.588						1.187.169
Agricultural Growth Programme rural infrastructure component							2.400.000	2.400.000

Source: ORET programme managers at PWC and FMO.

Summary of effects

In the infrastructure cluster, even though expenditures are significant, no evaluations are available to validate the achieved effects. In the table below, an overview is given of the effects of ORET, based on reports produced by the implemented programmes. The effects of the AGP cannot be described yet, since the programme was launched only recently.

Table 14: Ethiopia, Dutch PSD instruments (infrastructure); overview of effects (2005 – 2011)

Intervention	Level	Externally evaluated?	Summary of effects
ORET	Systemic	Not evaluated	<ul style="list-style-type: none"> • Four diesel generators were commissioned in 2006, and were used for back-up power supply in peak hours (19:00-22:00). In the 2009 power crisis, all four generators broke down and have not been operational since. • Natural resources of Ethiopia mapped and digitalised, a National Water master plan was developed and the Capacity of the Ministry of Water Development and 10 zonal/district offices has been strengthened
AGP – rural infrastructure component	Sector	N.A.	<ul style="list-style-type: none"> • No outcomes yet (programme is in start-up phase)

4.2.1 Objectives and effects

ORET/ORIO

Objectives

The aim of ORET programme, which is a subsidy program of the Ministry of Foreign Affairs, is to enforce sustainable economic growth and the business climate in developing countries. This happens by facilitating investments in economic and social infrastructure; to which ORET contributes 35% of project costs. Over the period 2002 – 2007 ORET was managed by the NIO. From 2007 to 2009 the programme was managed by PricewaterhouseCoopers Advisory N.V. and Ecorys Nederland B.V.

As can be derived from the table below, in 2005-2011 ORET has two active projects in Ethiopia, with a total expenditure of over € 1 million within the period under review.

Table 15: Ethiopia, ORET; overview of expenditures (2005 – 2011) in €

Intervention	Total in the period 2005-2011
ORET Power plant Dire Dawa;	€ 300.000
ORET Environmental; Support Project (ESP)	€ 887.169,64
Total 2005-2011	€ 1.187.169,64

Source: ORET/PWC and FMO

Effects

Recent evaluations on the ORET programme are not available; the latest ORET evaluation dates back to 2004. Therefore, no evaluated effects for PSD instruments for the infrastructure sector in Ethiopia can be reported. The review team had to rely on effects observed during field research and effects reported by the implementing parties.

- ORET Power plant Dire Dawa

The project installed a 40 MW diesel generator for the Ethiopian Electric Power Corporation (EEPCO) to increase load capacity and reliability of power supply for the city of Dire Dawa. The applicant was Wäertsilä Nederland B.V.

It was stated by the Ethiopian Electric Power Corporation (EEPCo) in 2012 that the four diesel generators (total capacity 40 MW) were commissioned in 2006, and were used for back-up power supply in peak hours (19:00-22:00) in the town of Dire Dawa.

In the 2009 power crisis, the generators were operated 24/7. However, according to EEPC, limited attention was paid to proper supply of cooling water. As a result of using inferior quality cooling water (too many minerals)⁴¹, all four generators broke down in 2009. Resources to repair the generators are unavailable, also because repair and maintenance costs were insufficiently budgeted for at the EEPC. The diesel generators have not been operational since.

- ORET Environmental; Support Project (ESP)

The project, applied for by DHV, provided technical assistance to the Government of Ethiopia to improve its environmental resource management.

The effect of the ESP on private sector development is not documented. Because of changes of staff within the various ministries involved, within the scope of the PSD policy review, no further information could be obtained.

Agricultural Growth Programme (AGP)

Objectives

Through the Agricultural Growth Project (AGP), the Government of Ethiopia is strengthening its efforts to increase agricultural growth by focusing on value chains of key crop and livestock commodities produced by small-holder farmers.

It includes a small-scale Rural Infrastructure Development and Management component, which aims to support the construction, rehabilitation and/or improvement, and management of small-scale rural infrastructure to improve productivity, and to further develop and increase the efficiency of key value chains through improved access to markets.

The project is further elaborated on in the section “skills and knowledge”.

Effects

The AGP became operational in 2011. For that reason, its effects cannot be reported yet.

⁴¹ Source: interview with Ethiopian Electric Power Corporation

4.2.2 The contribution of PSD instruments to resolving binding constraints

As described above, the main binding constraints for the private sector related to infrastructure in the period 2005-2011 remained:

- Lack of reliable power for the growing private sector
- Telecommunications and internet services are of inferior quality
- Lack of connectivity to neighbouring countries, making the country unattractive as a regional hub

The Dutch PSD funding did not contribute significantly to the binding constraints. Infrastructure improvement remains a significant challenge for the Government of Ethiopia.

4.3 Legal and regulatory framework

4.3.1 Overview

Summary of expenditures

Within the cluster “Legal and regulatory framework” four (partially) Dutch funded interventions have taken place during the 2005 – 2011 period. In the table below, these interventions and associated expenditures over the period 2005 – 2011 are reported.

Table 16: Ethiopia, Dutch PSD instruments for legal and regulatory; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
DECP programme				8.650	25.965	6.508		41.123
FNV Mondiaal					15.635	29.742	15.000	60.377
Investment								
Climate Facility for Africa								1.445.000
Plant Breeders Rights	-	-	-	-	-	260.000	-	260.000
Total								1.806.500

Source: Data from Piramide, DECP and FNV Mondiaal

Summary of effects

In the table below, an overview is given of the effects of the various instruments within the Legal and regulatory framework cluster. It should be noted that the column “summary of effects” should be treated with care since effects have only been validated for those projects for which evaluation reports satisfying IOB criteria are available. In all other cases, the summary of effects has been based on internal project documents and/or the outcomes of field interviews.

Table 17: Ethiopia, Dutch PSD instruments (legal and regulatory); overview of effects (2005 – 2011)

Intervention	Level	Evaluated?	Summary of effects
DECP programme	Systemic	No	<ul style="list-style-type: none"> • No outcomes
FNV Mondiaal	Systemic	No	<ul style="list-style-type: none"> • Strengthened awareness on defending and promoting human and workers' rights with CETU in Ethiopia
Investment Climate Facility for Africa	Systemic	No	<ul style="list-style-type: none"> • ERCA capacity for tax collection strengthened • Electronic tax payment system online and used by 639 companies
Plant Breeders Rights	Sector	No	<ul style="list-style-type: none"> • Government proclamation amended so that it now better reflects the reality in the field • Information campaign informed breeders, seed producers farmers and traders on their rights and obligations • Government capacity strengthened

4.3.2 Objectives and effects

DECP programme

Objectives

The DECP programme visited the Ethiopia counterpart the Ethiopian Employers Federation (EEF) three times in the period 2005-2011, once for a fact finding mission and twice for an advisory mission. In collaboration with ILO / ITC, DECP organized a workshop for members and staff of the EEF, which mainly discusses good governance, lobbying, services to members and recruiting new members⁴².

Effects

No evaluation reports are available that cover the effects of the DECP programme in Ethiopia. During the field visit, no tangible outcomes could be reported as a result of the visits and the training provided. EEF mentioned to have received no meaningful support from DECP. DECP mentions the EEF to remain an extremely weak organisation, providing very limited services to its members.

FNV Mondiaal

Objectives

FNV Mondiaal implemented several multi-country programmes, in partnership with international trade union organisations, to which the Ethiopian delegation attended. These two initiatives are listed below. In addition, a larger programme was implemented in Ethiopia to support the Ethiopian teachers Association, but this project was not funded by the PSD funds under review.

Table 18: FNV Mondiaal, projects in Ethiopia

Partner	Project title
HIVOS	Research on child labour in the rural areas
ICFTU African Regional Organisation	Defending and promoting human and workers' rights (Ethiopian partner: Central Employees Trade Union)
International Transport Workers Federation	Global project on HIV/AIDS 2009-2012

Source: FNV Mondiaal

Effects

No evaluation reports are available that cover the effects of the FNV Mondiaal support in Ethiopia in the period under review.

Investment Climate Facility for Africa

Objectives

ICF supported the Government of Ethiopia to modernise the Ethiopian Revenues and Customs Authority (ERCA). The major objectives of the project were to introduce electronic filing and electronic payment of taxes, to streamline procedures at the ERCA, reducing the time it takes to submit tax forms and effect payment to just one day and reducing the number of procedures to submit tax application and effect payment to just three. The ICF website mentions the project is to be implemented in close collaboration with the private sector, and will combine taxpayer education, to ensure sustainability.

⁴² It is interesting to note that DECP was not aware that in the same period, EEF cooperated with the Dutch supported EPHEA to lobby for a more conducive regulatory environment for horticultural exporters. EEF was also involved in the (effective) lobby for legislation around the Dutch Horticulture PPP supported Code of Conduct for horticultural exporters. EEFs contribution to the effectiveness of the lobby however could not be established in the scope of this review.

Effects

There is no external evaluation available on the project. The project's final report mentions the project was implemented efficiently, but that the project implementation was delayed significantly because top level management and stakeholders were not involved in the project design and approval. However, over time ERCA's focus on the project and its products has grown, and is likely to continue.

During a meeting with ERCA in November 2012, it was mentioned that the system for electronic payment of taxes is now online, and was used in 2012 by 639 companies so far, mainly the large tax paying companies based in Addis Ababa, out of a total of 42,000 federal tax paying companies in Addis and 200,000 federal tax paying companies in the country.

Plant Breeders Rights in Ethiopia

Objectives

The project, implemented by the Center for Genetic Resources (CGN) of Wageningen University, aimed at supporting implementation of the law on Plant Breeders Rights (PBR) in Ethiopia, which was passed by proclamation in 2006, but in 2010 it was not yet operational and contacted gaps, inconsistencies and weaknesses that undermined its intended purpose. The project aimed at developing a comprehensive amendment to the PBR Proclamation, strengthening capacities of MoARD and Ethiopian Institute of Agricultural Research, training a range of stakeholders, supporting the development of an intellectual property rights strategy for the main public research institutes in Ethiopia involved in plant breeding, and capacity building for judges and lawyers.

Effects

According to the progress report, an information campaign informing breeders, seed producers, farmers and traders on their rights and obligations was implemented. The government proclamation on plant breeders' rights however has not been amended to date (April 2013).

4.3.3 The contribution of PSD instruments to resolving binding constraints

In a few cases, the Dutch PSD programme eased administrative barriers in the horticulture sector, related to the PPP (plant breeder's rights, regulations for import of agricultural inputs, IPM). However, the Government of Ethiopia makes its own plans, and in some cases changed priorities or its interpretation of the objective of the programme, which sometimes resulted in projects becoming ineffective or even sorting adverse effects.

In short, the private sector in Ethiopia is still strongly controlled by the government and the Dutch contribution to resolving these binding constraints has been very limited. The private sector struggles with many administrative barriers, preferential treatment of state companies and government interference in business associations and trade unions. Projects that aimed at resolving binding constraints in the legal and regulatory environment need buy-in of the Government of Ethiopia.

4.4 Skills and Knowledge

4.4.1 Overview

Summary of expenditures

Within the cluster "skills and knowledge" various (partially) Dutch funded interventions have taken place during the 2005 – 2011 period. In the table below, these interventions and associated expenditures over the period 2005 – 2011 are reported.

Table 19: Ethiopia, Dutch PSD instruments for skills and knowledge; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
Addis Chamber of Commerce	-	-	-	-	99.809	-	71.838	171.647
AGP					1.000.000	300.000	3.800.000	5.100.000
AgriProFocus	-	-	-	-	-	-	-	
Agriterra&POP								1.138.581
Bop Inc.	-	-	-	-	-	-	43.142	43.142
CASCAPE	-	-	-	-	-	300.000	700.000	1.000.000
(CFC								917.465
CORDAID	791.222	1.085.000	859.000	992.000	3.000	779.100	9.995	4.648.317
Hivos								303.810
ICCO	1.087.697	1.693.805	1.492.898	1.387.875	2.010.874	1.764.996	1.803.998	11.242.143
IFPRI	-	311.250	243.000	-	-	-	-	554.250
Integr.Seed Sector Dev.	-	-	-	-	-	-	1.909.520	1.909.520
PSOM/ PSI								15.955.689
PUM	34.000	84.000	39.000	49.000	59.000	94.000	129.000	488.000
Smallholders Apiculture	268.655	198.400	-	-	-	-	-	467.055
SMALLVEG	-	-	-	-	-	-	249.956	249.956
Total								38.917.928

Source: Piramide, data from PSD instruments

Notes: AgriProFocus expenditures have not been included because they are funded by member organisations also included in this list; PUM expenditures are based on estimation; CFC, HIVOS and PSOM/PSI expenditures per year are not available. Figures provided on PSOM/PSI are based on approved projects, not actual expenditures. CFC expenditures include the Dutch PSD contribution to the project budget only. CORDAID and ICCO expenditures include grants as well as loans and investments.

Summary of effects

In the table below, an overview is given of the effects of the various instruments within the skills and knowledge cluster. It should be noted that the column “summary of effects” should be treated with care since effects have only been validated for those projects for which evaluation reports satisfying IOB criteria are available. In all other cases, the summary of effects has been based on internal project documents and/or the outcomes of field interviews.

Table 20: Ethiopia, Dutch PSD instruments (skills and knowledge); overview of effects (2005 – 2011)

Intervention	Level	Evaluated?	Summary of effects
Addis Chamber of Commerce	Enterprise	Not evaluated	<ul style="list-style-type: none"> No information on outcome level available
Agricultural Growth Program	Sector	N.A.	<ul style="list-style-type: none"> Programme became operational in 2011, no outcomes yet
Agriterra&POP	Sector	Not evaluated	<ul style="list-style-type: none"> Capacity building of sector organizations Improved farmers’ production and income Promotion of sustainable agriculture
AgriProFocus	Sector	Not approved	<ul style="list-style-type: none"> More learning and sharing of information amongst members
Bop Inc.	Sector	N.A.	<ul style="list-style-type: none"> N.A. (started recently)
CASCAPE	Sector	Not evaluated	<ul style="list-style-type: none"> N.A. (started recently)
Common Fund for Commodities (CFC)	Sector	Not evaluated	<ul style="list-style-type: none"> Improved farmer cooperatives’ capacities in production and export of green beans, organic banana and organic coffee One honey processor strengthened
CORDAID	Enterprise	Not approved	<ul style="list-style-type: none"> Sesame chain strengthened Improved sustainability of water and sanitation project in Oromya through spare part stores

Intervention	Level	Evaluated?	Summary of effects
Hivos	Sector	N.A.	<ul style="list-style-type: none"> At mid term, 2700 people had been trained and 1,514 biodigesters had been produced and commissioned. Strengthened capacities and market linkages of over 300 Farmer Marketing Organisations
ICCO	Enterprise	Yes	<ul style="list-style-type: none"> Farmers approved livestock keeping skills and increased income from sales of milk Passion fruits outgrowers scheme introduced
IFPRI Support to Rural Dev strategy	Sector	Not approved	<ul style="list-style-type: none"> GoE was provided with research backed feedback on the applicability of policies in Ethiopia with regard to agricultural growth Policy research of local institutes was strengthened
Integr. Seed Sector Dev.	Sector	Not approved	<ul style="list-style-type: none"> 32 farmer cooperatives strengthened
PSOM/ PSI	Enterprise	Yes	<ul style="list-style-type: none"> 36 projects funded Jobs = 244 per project Sales = €1.5 M per year per project Follow up investment = €1.2 million per project
PUM	Enterprise	Not approved	<ul style="list-style-type: none"> 92 expert missions completed, No information on outcome level available
Smallholders Apiculture Development programme	Sector	Not evaluated	<ul style="list-style-type: none"> 6 beekeeper cooperatives and 1 umbrella organisation established with a total of 1984 members Improved skills in honey production and business management and organisational capacity of 1692 beekeepers Increased and more reliable income for beekeepers (number not specified)
SMALLVEG	Sector	NA	<ul style="list-style-type: none"> N.A. (started recently)

Note: Not applicable is mentioned for projects programmes that started operations only recently

4.4.2 Objectives and effects

Addis Chamber of Commerce

Objectives

The project “Support for the Addis Ababa Chamber of Commerce and Sectorial Associations (AACCSA) and implementation of the Mercato Branch of AACCSA” supported equipment of the office of the AACCSA, and developed and undertook trainings for Mercato based entrepreneurs, mainly female entrepreneurs in the handicraft sector. The project also organized a number of trade fairs.

Effects

According to the implementing organization, as a result the capacity of the AACCSA to deliver services to its members at Mercato was strengthened, and over 300 female entrepreneurs were trained. An external evaluation of the programme was not implemented.

Agricultural Growth Programme

Objectives

The establishment of the AGP was supported by EKN, as well as the first phase of implementation. The AGP is funded through a multi donor trust fund managed by the World Bank, and is to be implemented by the government of Ethiopia.

Aim of the AGP is to increase agricultural productivity and market access for key crop and livestock products in targeted woredas (districts) with increased participation of women and youth.

The initial Agricultural Growth Programme, with a funding envelop of about € 220 million, is targeting a total of 83 woredas in the Amhara, Oromiya, Southern Nations, Nationalities and People’s and Tigray Regions.

The Program consists of three components:

1. Agricultural Production and Commercialization: to strengthen the capacity of farmer organizations and their service providers to scale up best practices and adopt improved technologies in production and processing, and to strengthen marketing and processing of selected commodities by engaging private sector stakeholders;
2. Small-scale Rural Infrastructure Development and Management (see section on infrastructure, above);
3. Management and Monitoring and Evaluation

Effects

Since it is a new facility, no outcomes can be reported yet.

Agriterra&POP

Objectives

Agriterra in Ethiopia funded and supported a six farmers' organisations through its Farmers Fighting Poverty programme. The programme's aim is to support farmers' organisations in becoming strong, representative and democratic membership-based organisations that provide valuable services to their members. Agriterra mainly works by mobilising advice from experts from the Dutch agricultural sector through technical assistance missions. In the course of the "Farmer Fighting Poverty" programme, Agriterra technical advice targeted a range of projects including a series of value chain development projects and business trainings for farmers.

Table 21: Agriterra, projects in Ethiopia

Partner	Project title
ADMAS/Wolkite	Increase of oilseed production - the creation of a trainings unit Action plan 2011: Towards a farmer owned oilseed semi - refinery plant
BBFCU	Capacity building of Buno Bedele Farmers Cooperative Union
DFCU	Dida Farmers Cooperative Union- Sourcing linseed for business development - action plan 2011
Ethiopia Learning Alliance	Learning alliance Ethiopia: Chain empowerment of farmer organisations
Raya Wakena	Wheat flour manufacturing plant - developing a co-operative business case
SCFCU	Assistance to Fair Trade cooperatives to comply with FLO and organic standards and increase market access
SDCU	Improvement of Milk Quality of Selale Cooperative Union

Source: Agriterra

The table below provides an overview of participants in Agriterra projects in Ethiopia over the period 2005-2011. The information indicates that in total 11 projects have been carried out with over 7000 people reached.

Table 22: Agriterra Ethiopia, projects (2005 – 2011)

Indicator	2005	2006	2007	2008	2009	2010	2011	Total
Projects				1	1	5	4	11
People reached				315	300	4459	1964	7038
Number of TA missions	1		1	1	4	2	3	11

Source: <http://www.agro-info.net/>

Effects

An external evaluation was performed, but does not include specific effects related to DECD indicators in Ethiopia⁴³.

⁴³ "Evaluation of Agriterra's support to capacity development based on evidence from case studies in: MVIWATA, Tanzania, SYDIP, Democratic Republic of Congo and FEKRITAMA, Madagascar"; Herman Snelders, MDF 2010

The report 2007-2010 on the Farmers Fighting Poverty programme highlights the main achievements of the programme, and highlights a case of an Ethiopian coffee cooperative, where programme supported strengthened farmers' access to higher margin making markets.

According to the 2011 annual report of Farmers Fighting Poverty⁴⁴, in Ethiopia the oilseed production increased and improved through training in cultivation and harvesting techniques.

During a field visit to cooperative ADMAS Wolkite, this was confirmed.

AgriProFocus

Objectives

AgriProFocus is a platform organisation that aims to facilitate exchange between organisations that promote farmer entrepreneurship in developing countries. The Agri-ProFocus network members are organisations and companies that gather, train, connect and provide inputs and credit to farmer entrepreneurs and producer organisations. The network operates both at a Dutch (-based) level and at a developing country level, the latter in so-called Agri-Hubs. In Ethiopia, activities of APF initially centred around the "learning alliance", a network of 5 NGOs. The Learning Alliance has engaged 34 Ethiopian organisations, representing some 4500 farmers, in a process of professionalising their business skills as farmer organisations. According to the learning alliance members, this helped to enhance the bargaining position of smallholders in the market. Also, a book was published with the main lessons and recommendations of the programme.⁴⁵

In 2010, AgriProFocus opened a country office in Ethiopia. APF is now open to all relevant organisations working in advancing agriculture in Ethiopia. Dutch members pay an annual fee, while Ethiopian organisations can join the platform free of charge.

Members of the HUB in Ethiopia in 2011 were Aequor Aeres Groep, Agentschap NL, Agriterra, Agro Eco, Louis Bolk Institute, Both ENDS, CBI, CIDIN, Cordaid, ETC Foundation, HAS Den Bosch, Heifer Nederland, Heineken International, Hivos, ICCO, ICRA, IFDC, IICD, ILEIA, KIT, MDF, Ministry of Economic Affairs, Agriculture and Innovation, Ministry of Foreign Affairs, Oikocredit, Oxfam Novib, PUM, Rabobank Foundation, Rijk Zwaan, SCOPEinsight, SNV, Soil & More, Solidaridad, TASTE, The Hunger Project, Van Hall Larenstein, Wageningen UR, Woord en Daad en ZOA.

Effects

The "learning alliance" produced an extensive evaluation report⁴⁶ of the programme activities. Outcomes related to the DECD indicators that are highlighted in the report include the number of farmers that benefited from the support to the Farmers market organisations (4623 farmers sold their produce through the farmer's market organisations (FMOs). The degree to which this led to an increased level of income remains uncertain.

Proposed outcome	Realised outcome
8,363 farmers (25% women) will sell to 115 FMOs on the selected crops: teff, wheat, maize, barley, chickpea, linseed, Niger seed and haricot beans. Average income from crop production will increase from ETB 2,450.00 (baseline year) to ETB 4,578.00 by the end of 2010 and yield per hectare will increase at least by 25% in 2010 as compared to 2008.	Only 4623 farmers (about 55% of the targets) sold to their FMOs in the reporting period. Because of very high level of productivity increment (85-100%), income of producers in general expected to increase. But as price has declined, the increment might not commensurate with the productivity increment.

⁴⁴ "Farmers Fighting Poverty, entrepreneurship in Development"; Agriterra 2011 and "Farmers Fighting Poverty - The strength of being organized"; Activity report 2007 - 2010

⁴⁵ "Learning and earning; How a value chain learning alliance strengthens farmer entrepreneurship in Ethiopia"; John Belt and Wim Goris, with Sorsa Debela, Firew Kefyalew, Eva Smulders and Piet Visser.

⁴⁶ "Promotion of farmers marketing organisations' competitiveness on agricultural commodity chains"; FCE Consortium project, Sorsa Dabela and Ben Haagsma, February 2011, Addis Ababa

The above mentioned evaluation was performed as a self-evaluation by the project partners, to be able to best gather the lessons on how a value chain learning alliance strengthens farmer entrepreneurship in Ethiopia. Since evaluation results were not verified by a third party, the evaluation did not meet the IOB criteria.

Bop Inc. (dairy cold chain project with Muller and SNV)

Objectives

In this pilot project, that started in 2011, Muller BV (cooling unit production company) is working with Wageningen University and Research, SNV and a local Ethiopian entrepreneur to develop a small cooling unit targeting small-scale dairy farmers. The objective is to enable producers to preserve the quality of their fresh dairy during storage and transport.

Effects

Because the pilot project only started recently, no effects can be reported yet.

CASCADE

Objectives

The Capacity Building for Scaling up Evidence Based Best Practices in Agricultural Production in Ethiopia (CASCAPE) project is designed to support the AGP activities by further strengthening the capacities of AGP stakeholders in identifying, documenting, integrating and disseminating best practices in agricultural production. The project is implemented by ALTERRA, part of Wageningen University. EKN is the only donor to the project.

Sub-objectives are to introduce, test, validate and document innovations and make recommendations for scaling up best practices in agriculture; to support the development of effective stakeholder and knowledge networks to promote scaling up of innovations; To analyse the conditions (socio-economic, biophysical, institutional/policy and technological) under which innovations are successfully implemented at farm & community level; To support the AGP and MoA on specific subjects either directly or through related implementing agencies.

The main activities of the CASCAPE project include an analysis of constraints and opportunities, on-site experimentation, detailed monitoring of agricultural management and environmental performance and socio-economic surveys.

Effects

Since the project started in 2011, no effects can be reported yet.

Common Fund for Commodities (CFC)

Objectives

The Common Fund for Commodities is a multilateral organisation that aims to enhance social and economic development in commodity dependent developing countries. The CFC provides grant and loan financing.

In Ethiopia in the period under review, four projects received funding.

Table 23: CFC, projects in Ethiopia

Partner	Project title
EHDA	Organic Banana Production
EHPEA	Vegetable Export Development
Ministry of Agriculture and Rural Development	Improving Coffee Quality
EXC	Access to Warehouse Inventory Credit

Source: CFC

Effects

External evaluations on any of the four projects are not available. Two projects did not have a fully satisfactory performance. The warehouse credit project only disbursed in Malawi and Tanzania since the

activities in Ethiopia suffered from inordinate bureaucratic delays. Secondly, the vegetable export project, initially aimed to support an exporter of green beans to further its outgrower scheme. When the lead firm withdrew from the project, four Ethiopian producer organisations were supported with training and storage facilities to enable them to export green beans directly. However, after the project ended, the producer organisations had difficulty finding buyers and did not manage to increase their market.

According to CFC, the two other projects were more successful. The project Promotion and Export of Organic Bananas in Ethiopia and Sudan supported a Saudi Exporter in Ethiopia to commence exporting Ethiopian bananas. Secondly, the project Improving Coffee Quality in East and Central Africa through Enhanced Processing Practices demonstrated that innovative hand pulping and sun drying methods lead to quality enhancement of coffee produced in Ethiopia, which in turn generates higher income of small scale coffee producers. A follow-up project which seeks to promote and expand these innovative processing methods in both countries by facilitating farmer’s access to credit is operational since 2011.

CORDAID

Objectives

Cordaid in the period under review supported seven private sector development related initiatives in Ethiopia, which are summarised in the table below.

Table 24: CORDAID, projects in Ethiopia

Partner	Project title
JBCSDO	Promoting Entrepreneurship Programme
F&S BDS PLC	Assessment on operational issues of Equity Fund in Ethiopia
Meset Consult	Chain empowerment of sesame producers
WASASA	Wasasa's Business Plan for 2010-2013
Agri-Profocus	Contribution to APF Ethiopia country focus 2010
Apostolic Vicariate of Nekemte	Funding of NCS-DD
Beza Mar Agro Industry PLC	Strengthening apiculture development and livelihoods

Source: CORDAID

Two initiatives were implemented in close cooperation or in consortium with other Dutch instruments (the contribution to Agri-ProFocus and the funding of the business plan for the MFI Wasasa, as elaborated on above).

The largest PSD project funded by Cordaid in the period under review was “*Strengthening apiculture development and livelihoods*”. This project supported the establishment of a supply base from local beekeepers in Sheka zone in SW Ethiopia, in cooperation with honey processing and trading company Beza Mar. Beza Mar was the first organically certified honey exporter in Ethiopia. To meet growing demand, the company needed to increase the quantity of honey from an incipient 36 tons in 2006 to near the plant capacity of 1100 tons, for both national and export markets. Cordaid’s support combined a grant for training of beekeepers and a bank guarantee for financing a rotating credit scheme to supply beekeepers with 8550 improved box hives that will boost productivity and quality. After Cordaid pull back from Ethiopia, the guarantee component of the project has been taken over by Terrafina.’

Another major project concerns the Meset chain empowerment project, for production of organic sesame from small farmers in the Humera region. This grant project (350.000) is aiming at fostering the income of 2700 sesame producing small farmers by selling directly through their associations instead of through the Cooperative Union, while the management and financial capacity of 2 cooperatives is enhanced through support in capacity building.

Effects

Two external evaluation reports are available on the Cordaid PSD project portfolio in Ethiopia.

The first external evaluation is on the Beza Mar Agro Industry PLC, which scores the efficiency, effectiveness and relevance of the project as sufficient. There are no details available on the project effects in relation to the DECD indicators.

The other evaluation is available on the sustainability of the NCS (Nekemte Catholic Secretariat) community based water supply and sanitation project in Oromya.⁴⁷ This study was implemented by one of the project implementing parties. DECD relevant indicators that are mentioned in the report include the establishment of nine spare-part shops, and the promotion of horticultural activities among water scheme beneficiaries.

Hivos

Objectives

Hivos is active in Ethiopia through the Africa Biogas Partnership Programme (ABPP), which comprises a partnership between Hivos and SNV in supporting national programmes on domestic biogas in six African countries.

The National Domestic Biogas Programme of Ethiopia (NBPE) is implemented under a tripartite arrangement consisting of MoWE, being the National Implementing Agency; SNV the technical advisor; and Hivos the fund manager. The main objective of the first phase of the programme is to develop a commercially viable domestic biogas sector in Ethiopia, in four National Regional States. The specific objectives are to attract and strengthen institutions and organisations for the development of a national biogas sector, to construct 14,000 biodigesters in the four selected regions over a period of 5 years, to ensure continued operation of the biodigesters installed under the NBPE and to maximise the benefits of all biodigesters installed.

Effects

According to the November 2011 Mid Term Review, the programme is “not performing well in terms of achieving the numerical targets, even though the potential is enormous. This is due to a number of factors some of which the NBPE cannot be held responsible, such as the increase in cement price and lack of it, the low level of incentives and salaries of the programme staff and its large turn-over, the large turn-over of staff at Woreda level, but mainly because the GoE is not giving the programme any autonomy to operate”.

In June 2011, the project had trained 2,700 people from different target groups , including training of 727 masons, 110 supervisors and 349 financial intermediaries. The total number of production and commissioning biodigesters in June 2011 was 1,514.

ICCO

Objectives

ICCO is active in Ethiopia to strengthen rural economic dynamics for increased livelihoods security for poor households since 1995. In the early days this was done by supporting starting MFIs, capacity building of co-operatives and since 2005 by supporting market oriented farmer organisations, such as cereal banks and farmer cooperatives. In the period 2005-2011, ICCO funded over 20 projects, and made investments in both businesses (through its investment company) and financial institutions (through Terrafina). Since 2009, ICCO contracted Fair& Sustainable (F&S), a consultancy firm originating from ICCO with representatives located in Ethiopia, as a preferred service supplier to build the capacity of local partners.

Below, short summaries are provided of the main partners and/or programmes supported by ICCO in the period 2005-2011:

⁴⁷ “Sustainability study of CVM (Comunità Volontari per il Mondo) and NCS (Nekemte Catholic Secretariat) community base water supply and sanitation project in Oromya”; CVM, Laura Andena, Addis Ababa 2010

Table 25: ICCO, main projects in Ethiopia

Partner and budget	Project title / objective	Main outcomes
FC(E) , Hundee, OSRA, Ersha, CDI (from 2006), and ADAA were supported from 2006 and formed a consortium in 2008.	Farmer Marketing Organizations (FMOs) links to markets.	Farmer organizations were linked to private sector buyers (Njerra company in Addis Ababa, brewery etc), and were supported to buy weighing equipment. From 2006 to 2011, 112 FMOs were reached, with a total of 12,873 members (27% women). According to internal reports, yields have increased by 30% or more
2006-2011 ; € 3,274,300 Self Help Africa (previously Self Help Development International SHDI)		increased incomes of farmers and strong cooperatives linked to markets Outreach 17,500 farmers (4000 female) Main results: Productivity of intervention crops has increased significantly. The daily food consumption of households has improved significantly compared to pre-project situations.
2007-2011; € 946,000 (plus co-funding by SHA/SHDI and EU)		
Additional to FCE consortium 2008-2011; € 303,000	Empowerment of female micro entrepreneurs	967 women being trained in cattle rearing and receiving a heifer 19 women savings groups with 4,163 members supported 112 Farmer marketing organization (others than in consortium) supported 13747 members (32% women).
ICCO Self managed 2007-2011; € 538,000	Capacity building of partners on Value chain development	- Support to Ethiopian Learning Alliance - Support to partners both on general organizational development and VCD - Preparation of Fair and Sustainable Ethiopia Plc (not for profit BDS provider) which provides VCD services
OSRA Zero Grazing 2007-2011; € 120,000	Pilot zero grazing to test model for farmers to improve their incomes 2007-2011 grant budget € 120,000	Focuses on promotion of zero-grazing and distribution of heifers. Outreach to 831 farmers (23% women)
EOC-DICAC 2006-2009; € 145,000	Increase incomes of farmers and strong cooperatives linked to markets	Outreach was very limited: 657 members (13% female) out of 4,172 were benefitting from project activities.
IIRR 2008-2010; € 255,000	Goal: IIRR has developed fee based training package on VCD and org Devt.	Institutional support to IIRR a training and consultancy foundation in ET. Results in development of training and coaching on VCD, Org Devt etc. Fee based systems realized, though mainly payment by other donors for other beneficiaries
IIRR pilot project DEDI cooperative 2008-2009; € 80,000	- Increase income of farmers and strong cooperatives linked to markets - IIRR to have on the ground experience in VCD	VCD and strengthening of a cooperative 225 members (no spec on # of women)
Africa Juice 2008-2011 Grant € 118,752 Guarantee on Rabobank Foundation loan € 194,981	- Revive a state plantation into an orchard and establish a fruit processing plant which export fruit juices. - Outgrower project Goal: realize 1300 outgrowers in passion fruit by end 2015 who supply fruit juice company and make a good income out of doing so.	- Jobs created 2,000 on farm (34% women) - Outgrowers realized 250 (32% women), number of outgrowers fluctuates with passion fruit price, as farmers divert to tomatoes and onions when market prices are low. (due to late start the project was extended to end of 2016)

Source: CORDAID

Effects

The ICCO LMD programme for the period 2007-2010 was evaluated, with a specific country report on Kenya and Ethiopia, and the evaluation was approved by IOB. The overall LMD programme is rated as relevant and moderately efficient and effective. The country report covered the abovementioned project with OSRA, which was found to have been effective, efficient and relevant. The sustainability of the impacts was judged to be moderate, but OSRA had additional activities scheduled to support the project sustainability. The project aimed to include 50% women in the solidarity groups, a target which was reached (56%).

During the evaluation, farmers confirmed that the heifer breed has a much higher production of milk per day (5-8 liters instead of 2 liters/day). However, this so far had not had an income effect. The majority of the beneficiaries had increased the home consumption of milk and dairy products. The members of the solidarity groups did express the intention to sell collectively later, when volumes increased further. The farmers reported that they had experienced that the cow raising can be more profitable than farming, since it requires less inputs (especially labour). The farmers also indicated as positive impact the fact that they are now organised in solidarity groups, which may open up new opportunities such as group savings, collective marketing of milk and bulk procurement of feed. However the solidarity groups are still informal, at infant stage and no business plan was developed by the groups yet.

The Africa Juice project was also mentioned in the report, which was judged to have been efficient. It was too early to make a statement on the effectiveness, sustainability and relevance of the project.

The International Markets programme of ICCO was also evaluated but does not include specific information for Ethiopia.

IFPRI Ethiopia Strategy Support program (ESSP)

Objectives

The ESSP project is mentioned in the BEMO to be a *“breakthrough for policy development and dialogue in Ethiopia on the Agricultural Development Led Industrialisation”*⁴⁸.

It had been hard for the donor community to have an effective dialogue with the GoE on rural development and food security. The project is a research project that builds knowledge on the rural development sector, to allow policy makers to base their strategies on research and not philosophy. It was envisioned that this would provide an opportunity to strengthen the policy debate on rural growth. The project was supported by CIDA, EKN, USAID and the World Bank.

The project funded policy research related to the GoE Rural Development Strategy, developed a research methodology to analyse the effects of food policy strategies and aimed to strengthen the capacity of Ethiopian policy research institutions.

Effects

The final document in the archive of EKN mentions that there was no evaluation, but a project review. The review team mentions it was impressed by the efficiency and effectiveness of ESSP team. The review mentions that the ESSP has provided valuable feedback on the applicability of policies in Ethiopia with regard to agricultural growth, and provided input to the Agricultural Growth Programme and the establishment of the Ethiopia Commodity Exchange (ECX).

Integrated Seed Sector Development programme

Objectives

The objective of the ISSD programme, coordinated by the Centre for Development Innovation of Wageningen UR, is to strengthen the development of a vibrant, commercial and pluralistic seed sector in Ethiopia. The programme builds capacity with farmer cooperatives and seed companies, and aims to address policy issues through regional multi-stakeholder platforms and public-private partnerships. Key to the project is the involvement of universities as knowledge intensive institutions.

⁴⁸ Source: BEMO at EKN

Effects

Evaluation reports on the project are not available so far. According to the website, in phase I of the programme, 34 farmers' groups were successfully supported in their production of quality seed of both local and improved varieties, with the focus on crops with high local seed demand. The majority of the groups are legally recognized as seed producer cooperatives and have implemented business plans for the development of sustainable and autonomous quality seed production and marketing. The second phase of the project aims to increase the number of these local seed businesses to 340, in both high and low potential areas.

PSOM/PSI

Objectives

The PSOM/PSI programmes aim to contribute to poverty reduction by stimulating sustainable investments in innovative business in developing countries. Worldwide, the programme provides subsidies to finance up to 60% of the investment costs of joint venture companies with local entrepreneurs. The subsidies usually cover part of the project's hardware costs as well as training activities. The programme is centrally managed from The Hague by the EVD.

The PSOM programme became operational in Ethiopia in 2004. PSOM projects have mainly been developed along priority sectors of the Ethiopian government: agriculture and manufacturing.

In Ethiopia, the subsidy covers 50% of project costs, up to a maximum of €750,000. According to EVD project documentation, 39 PSOM/PSI projects were approved during the period 2005-2011 in Ethiopia with a total contribution of €15.9 million.

Table 26: PSOM/PSI Ethiopia, submitted proposals and approvals (2005 – 2011)

Indicator	Total
Proposals approved	51
Projects stopped	6
Projects ongoing	6
Projects completed	39

Source: EVD

Effects

The evaluation of the PSOM/PSI portfolio covers the period 1999 – 2009, and includes a country report on Ethiopia. The evaluation was approved by IOB. The Ethiopia country study contains a sample of six PSOM/PSI projects in Ethiopia, and states that the effectiveness of projects in Ethiopia is high. Projects have significant employment effects in labour intensive sectors like the export oriented horticulture. The wages were found to be slightly above minimum wages. The innovativeness and risks (hence additionality) of some projects are limited. Most projects have more attention for CSR issues than typical 'local' businesses.

The evaluation further shows that the average completed PSOM/PSI project in Ethiopia generates 224 jobs, and creates additional sales revenues of €1.5 million per year.

The important contribution of PSOM financed businesses to the development of floriculture is acknowledged by the evaluation report. Many of the supported businesses set examples for other investors and showed the feasibility of the venture. Also, PSOM supported to new technologies, management techniques and logistical chains that enhanced the growth of the sector.

In the table below, the average results for completed PSOM/PSI projects as described in the evaluation are listed.

Table 27: PSOM/PSI Ethiopia, average evaluated results per completed project

Indicator	Average per completed project
Follow up investment	€ 1,167,778
Sales per year	€ 1.489,538
Direct jobs	224
Outgrowers	15,008
Trainees	304

Source: Country Report Ethiopia Evaluation of PSOM/PSI 2001-2009 (2010)

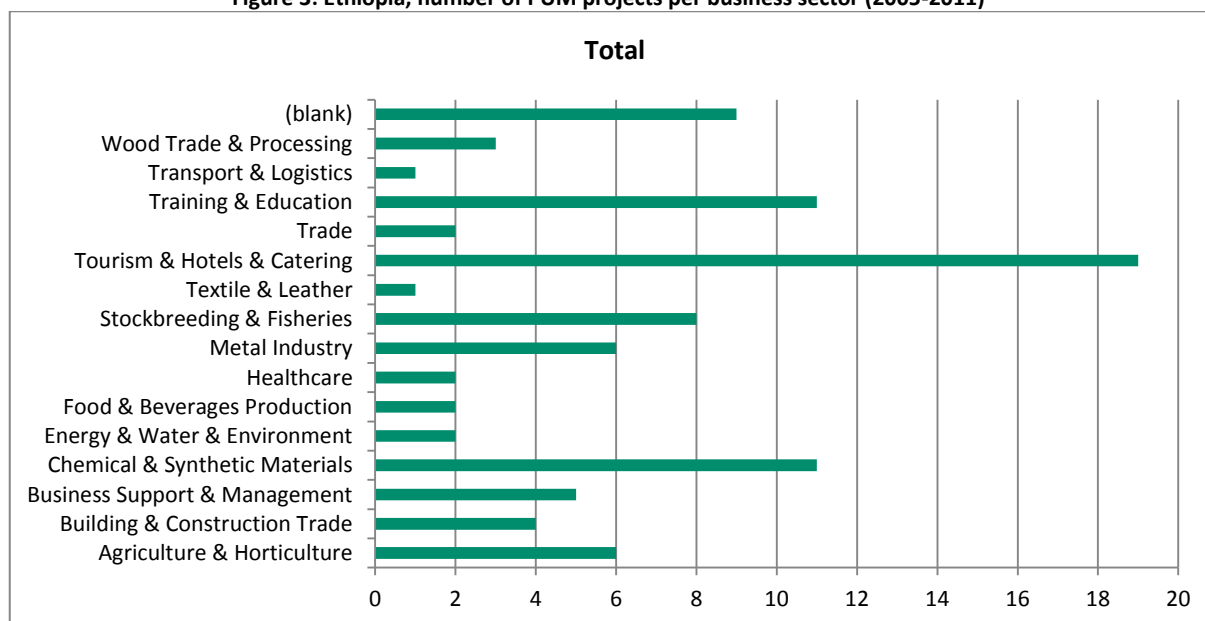
PUM

Objectives

PUM Netherlands senior experts is a non-profit organization that advises companies from developing countries and emerging markets that cannot afford commercial consultancy services. PUM counts with four Ethiopia based representatives, who promote the PUM programme amongst local SME businesses. Only SMEs that cannot afford commercial consultancy services are allowed to participate in the PUM programme. Once an SME files a request for support through the field representative, PUM in the Netherlands links the enterprise to senior Dutch professionals who deliver expert services on a voluntary basis during an average 7 to 10 days stay. The travel costs of the expert are generally met by the PUM programme, while the hotel bill is usually footed by the Ethiopian SME.

During the period 2005-2011, PUM senior experts carried out 92 short term advisory projects in Ethiopia. In the figure below an overview is provided of the distribution of these 92 projects over business sectors during the period 2005 – 2011.

Figure 3: Ethiopia, number of PUM projects per business sector (2005-2011)



Source: PUM 2012

Effects

Evaluations or ex-post reports on the effects of PUM support to enterprises in Ethiopia are not available, nor is there an IOB approved evaluation report of the PUM programme. The effects of the PUM programme could therefore not be further looked into within the scope of this policy review.

Smallholder Apiculture Development Programme: Bees' Products Trade promotion Programme

Objectives

SOS Sahel, the implementing organisation of this EKN funded project, through the Smallholder Apiculture Development Programme aimed to organise 30,000 existing beekeepers in 24 marketing cooperatives, six cooperative unions and one apex organization. Six collection and processing centers, including a credit facility, were created, an 'apiculture resource center' was to be built and equipped. The project also aimed to train beekeeping farmers in technical and business management skills. The project cooperated with a.o. SNV in Meket woreda, who had the task to build capacity with the marketing cooperatives, and create market linkages with domestic and overseas buyers.

Effects

IOB approved external evaluation reports on the project are not available. The effect of the project were assessed through desk research, based on documentation available in the file at EKN. The final report mentions that the project contracted a third party to perform a mid-term review and a final evaluation. Unfortunately, these documents were not available in the file.

The final report states that in total 14 collection and processing centers were constructed. Also, six cooperatives, with a total of 1984 (paying) members, of which 1862 male and 22 female, and one apex organisation of beekeepers (Zembaba Bees Development & Marketing cooperatives union) with 2036 male and 19 female members were established.

The project report also mentions that 1692 beekeepers were trained, and that this, combined with the project marketing efforts, resulted in an increase of farmers income, as well as increased reliability of income, because income from beekeeping is less vulnerable to droughts compared to other farm based sources of income.

Promoting innovations for Smallholder Horticulture in Ethiopia (SMALLVEG)

Objectives

The SMALLVEG project aims to introduce smart innovations for small horticultural producers with a strong involvement of the private sector as input and service providers and, where possible, as buyers. In 2011, EKN funded the pre-programme phase, to gather baseline information to better be able to target interventions, and to get a better understanding of the state of horticultural production in the MekiZiway area, including its existing market linkages and its contribution to nutrition.

The program was designed by EPHEA and WUR, and is mentioned in the BEMO to be in line with the MASP and the Ministry of Development Cooperation's priorities as formulated in the 'Basisbrief' and the 'Focusbrief'. The program aims to build on specific Dutch expertise and strong involvement of the Dutch private sector. EKN is the only donor in the initiative.

Effects

Because the project was started in November 2011, so far no outcomes can be identified.

4.4.3 The contribution of PSD instruments to resolving binding constraints

In chapter two, it is explained that one of the main hampering levels to private sector development relate to skills and knowledge is the low knowledge level of agricultural producers.

The majority of the Dutch PSD expenditures in Ethiopia were dedicated to addressing the skills and knowledge gap in the agricultural sector. The intervention strategies of the 'instruments' were mainly either focussed on building the capacities of a specific enterprise or farmer cooperative (Cordaid, AgriProFocus, PSOM/PSI), or focussed on developing a value chain (Smallveg, apiculture development).

The review cannot make any judgements on more or less successful intervention strategies, based on the information available. Also, as elaborated on further in chapter five, because of the different types of interventions in terms of 'depth' and outreach, the achievements cannot be aggregated in a meaningful manner.

Overall, it can be said that the Dutch PSD programme 2005-2011 did make a contribution to improving skills and knowledge, but the contribution is very modest, certainly in the light of the large population of Ethiopia.

The effect of the Dutch PSD program on skills and knowledge is most visible in specific agricultural sub-sectors, including honey and the horticulture sector, in relative proximity of Addis Ababa.

4.5 Market Access

4.5.1 Overview

Summary of expenditures

Within the cluster “market access” (partially) Dutch funded interventions have taken place during the 2005 – 2011 period. In the table below, these interventions and associated expenditures over the period 2005 – 2011 are reported.

Table 28: Ethiopia, Dutch PSD instruments for market access; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
SNV BOAM	100.000	607.942	983.821	779.165	1.440.297	2.132.595	852.760	6.896.580
CBI	206.824	206.824	206.824					620.473*
Fair TradeOriginal								Unknown
Solidaridad			94.200	94.200	94.200	94.200	94.200	471.000
Total								7.517.053

• CBI expenditures were calculated based on the expenditures 2004-2006 minus 65000 budgeted for 2004.

Note: Ethiopia-specific expenditures of FTO and Solidaridad were not available.

Summary of effects

In the table below, an overview is given of the effects of the various instruments within the market access cluster. It should be noted that the column “summary of effects” should be treated with care since effects have only been validated for those projects for which evaluation reports satisfying IOB criteria are available. In all other cases, the summary of effects has been based on internal project documents and/or the outcomes of field interviews.

Table 29: Ethiopia, Dutch PSD instruments (market access); overview of effects (2005 – 2011)

Intervention	Level	Evaluated?	Summary of effects
SNV BOAM	Sector	Evaluated	• Over 17000 people’s income increased
CBI	Enterprise	Evaluated	• 16 companies supported
Fair TradeOriginal	Enterprise	Not evaluated	• Increased turnover for Ethiopian coffee cooperative SCFCU
Solidaridad	Sector	Not evaluated	• Increased turnover for two coffee farming cooperatives

4.5.2 Objectives and effects

CBI

Objectives

The Centre for the Promotion of Imports from developing countries (CBI) is an agency of the Ministry of Foreign Affairs and part of the development cooperation effort of the Netherlands. The mission of the CBI is to contribute to equitable economic development of selected developing countries and countries with economies in transition by providing services aimed at strengthening the competitiveness of exporters on the EU and EFTA market. CBI aims to achieve its mission through four different types of products. These products are: Human Resource Development (Training), Business Support Organization Development

(BSOD), Market information (MI), and Export Coaching Programs (ECP). Internationally, the biggest part of CBIs' budget is allocated to ECP.

In Ethiopia in the period under review, the active programmes were ECP, BSOD and training programmes.

The ECP programme was operational on three product lines:

- Home and textiles (5 companies participated)
- Tourism (10 companies)
- Fruits and vegetables (1 company)

The BSOD component initially aimed at building capacity with the Ethiopian Export Development Agency. However in 2004 the Ethiopian Government decided to abolish EEPA as an agency and incorporate the agency as a department into the Ministry of Industry & Trade. The new department, called Export Promotion Department (EPD), did not take off well, mainly due to many staff leaving and the political instability of Ethiopia in 2005. The CBI support was discontinued in 2007.

Effects

According to the reporting system of CBI, a total of 16 companies were supported as part of the Export Coaching Programs in Ethiopia. External evaluations on the effect of the support on the companies are not available.

The Integrated Institution Export Development Programme (IIEDP) with the Ethiopian Export Development Agency was externally evaluated in 2008.⁴⁹ The main finding of the report is that the cooperation with EEDP/ EDP did not come off the ground as expected, and that the discontinuation of CBI support to the department was a rightful choice. There are no DECP relevant outcomes mentioned in the evaluation report.

In addition to the report mentioned above, the overall tourism sector development activities were also evaluated by an external organisation, but these do not reveal country specific information on the DECD indicators in Ethiopia.⁵⁰

Fair Trade Original (FTO)

Objectives

Fair Trade Original, incorporated in 1959, is the founder of development trade - an initiative which has since been adopted all over the world. Development trade ensures that products made by farmers, craftsmen and companies that conduct an appropriate social policy gain access to the export markets. This in turn creates employment that increases the prosperity of the people involved, their villages and, on occasion, of the entire region.

In Ethiopia FTO was active through its Change the World Branding Programme, funded under MFS. In Ethiopia, the programme supported increasing the capacity of the trading partner Sidama Coffee Farmers Cooperative Union (SCFCU).

Effects

There is no evaluation report that specifically makes mention of the programmes' effects in Ethiopia, nor is there an IOB approved evaluation report of FTO. The effects of FTO could not be further looked into within the scope of this policy review.

⁴⁹ *"Integrated Institution Export Development Programme (IIEDP) with the Ethiopian Export Development Agency; Report of the External Evaluation"*; evaluation team Siegfried Bank and Jim Versteeg, May 2008.

⁵⁰ *"Final Evaluation of CBI's Export Development Program Tourism"*; Compiled for CBI by ReKwest, June 2008

Solidaridad

Objectives

Solidaridad in Ethiopia has supported Coffee Farmers Cooperative Unions with technical assistance to improve the livelihoods and income position of small-scale coffee farmers in Ethiopia. Solidaridad provided technical assistance to promote adaptation of improved and more sustainable coffee practices, and offers UTZ/FLO certification support to enable their access to specialty (certified) coffee markets. It has also worked on strengthening of the position of women and supported the introduction of beekeeping in one cooperative as a means of diversifying income.

The table below provides an overview of the coffee cooperatives that have been supported, the objective of the support and the main outcomes according to Solidaridad.

Target group	Objective	Result according to Solidaridad
Sidama Coffee Farmers Cooperative Union	Technical Capacity building, Training and marketing support small scale coffee farmers in Ethiopia in UTZ certification	-4655 farmers under UTZ certification -ICS system in place at 3 coops -186 trainers trained -eco-pulpers installed at wet mill -external evaluation conducted*
Sidama Coffee Farmers Cooperative Union	Assisting producers in Southern cooperatives to achieve UTZ certification	-4084 farmers reached certification in standards and FLO re-certification.
Oromia CFCU	Assisting 3 producer cooperatives under Oromia in beekeeping (diversification), gender empowerment (saving and credit groups) and UTZ implementation (GAP, ICS etc.)	3668 producers under UTZ certificate - 121 women in 3 saving/credit groups trained (SACCO's) -230 lead farmers trained in GAP - ICS system UTZ in place (in local language)
Yirgacheffe CFCU	The main objective of this project is to support 3 primary cooperatives to achieve sustainable and Fairtrade certified coffee production	- 5200 farmers re-certification FLO completed -Cooperative committees trained in ICS/management -326 lead farmers trained
Kafa Forest CFCU	3 primary cooperative (consisting of 15 societies/groups) assisted via trainings, tools and equipment in FLO certification, GAP, ICS and beekeeping practices to improve coffee productivity and access markets.	-15 primary societies were supported with FLO (re)certification under Kafa. -331 lead farmers trained in GAP, FLO standards, ICS standards -9 extension officers WOREDAS received training in FLO standards and GAP
Ethiopian Coffee Growers, Producers and Exporters Association	Increased awareness and knowledge of sustainability issues	Training of 110 members in sustainability issues by Solidaridad (UTZ certification, Good Agricultural Practices)

Source: Solidaridad

Effects

External evaluation reports on the effects on the coffee cooperatives are not yet available. However, CIDIN CIDIN (Institute for Development Issues linked to Radboud University Nijmegen) has been assigned to develop several in-depth papers for Ethiopia cases of the impact of certification at farm level within the Union. These papers will be finalized this year and reported to Solidaridad as external impact assessments, as they covered several years from 2008-2012.

BOAM

Objectives

The BOAM Programme (Business Organisations and their Access to Markets) was initiated by the EKN (Embassy of the Kingdom of the Netherlands) in Addis Ababa. The programme was initially designed as an experimental 5-year programme (2005-2010) with the objective to test how to use the Value Chain

approach as a practical approach for inclusive development. The EKN requested SNV to execute the programme. Six value chains/sectors were selected for BOAM's intervention: Oilseeds, Dairy (Milk), Honey and the fruits Apple, Mango and Pineapple. Total investment has been €8.05 million contributed by EKN, SNV and the Irish Embassy.

The key tool (among others) that BOAM applied in its VCD approach was the MSP (Multi Stake-holder Platform). At the start of the programme the MSPs functioned under the name of Coordination Groups (CGs) which were organised in each sector to guide the VCD process. Initially the MSP-tool was mainly used as a network-tool in a rather rigid way. Over time BOAM contextualised the use of MSPs depending on the specific sector/VC.

BOAM also invested in the capacity and competencies of so-called LCBs (Local Capacity Builders) who were/are important for the long term strategy. Several LCBs stated that it was due to the BOAM programme that they have been able to professionalise and become VC specialists in their own right.

Effects

A final evaluation⁵¹ is available on the BOAM project. The report focusses on lessons learned for future value chain development programmes of the EKN and/or SNV. According to this IOB approved review, the three key achievements of the BOAM programme are:

- BOAM put the value chain development approach on the map in Ethiopia
- BOAM proved that value chain development works in practice and in a pro-poor context
- Up-scaling started in a promising way.

Not all of the chosen sectors or value chains have been equally successful. In general BOAM considers the results in the honey sector as most successful. The oilseed and milk sectors are considered as less successful, especially regarding the results obtained in sector development/organisation. But, a seed multiplication intervention in the oilseed sector was successful and supported farmers' access to improved agricultural inputs. In the dairy sector, BOAM managed to involve a number of processors, but only in later stage of the programme. The three value chains in the fruit sector (apple, mango and pineapple) look promising, especially apple and mango, but have not harvested concrete results.

The review concludes that "it seems that that VCD programmes, especially in new and neglected sectors will take a lot of time to develop/structure. Most probably, one must plan with planning horizons of several periods of 5 years".

The table below provides an overview of the number of households trained / supported and the total increase in revenues per value chain.

Value Chain	% Increase in \$/HH '08-'10	Total Increase Revenue HH (\$)	Total # HH Trained/supported
Pineapple	93%	98.000	882
Apple	66%	31.000	600
Mango	48%	18.000	137
Honey	27%	487.000	8.193
Oil seeds	12%	319.000	5.400
Diary	7%	375.000	2.541
TOTAL		US\$ 1.328.000	17.753

Source: BOAM; Support to Business Organisations and their Access to Markets in Ethiopia 2005 – 2011 Post Implementation Review"; Final Report 6th of December 2011, Ton van der Krabben et.al

⁵¹ "BOAM; Support to Business Organisations and their Access to Markets in Ethiopia 2005 – 2011 Post Implementation Review"; Final Report 6th of December 2011, Ton van der Krabben et.al.

4.5.3 The contribution of PSD instruments to resolving binding constraints

As described in chapter 2 above, regarding market access the following binding constraints can be identified:

- Private enterprises forego business opportunities due to a lack of information on market structures, suppliers, customers, and public procurement contracts.
- Smallholder farmers lack access to markets; especially due to improper coordination of marketing efforts.

As with the other clusters, it can be stated that the Dutch PSD instruments link well to these binding constraints. The Dutch PSD programme supported mainly individual enterprises and producer organisations in selected value chains to improve their access to national and international markets.

4.6 Multiple cluster projects

Summary of expenditures

The EKN in the period 2005-2011 also funded a number of PSD interventions that aimed to address more than one cluster. These interventions tried to resolve multiple constraints, either in a specific business (sub) sector or a geographical area.

The table below provides an overview of these interventions and associated expenditures over the period 2005 – 2011.

Table 30: Ethiopia, Dutch PSD instruments active in multiple clusters; overview of expenditures (2005 – 2011) in €

Intervention	2005	2006	2007	2008	2009	2010	2011	Total
ABP Kaffa Dev Prog	888.792	1.531.497	1.510.002	259.120	-	-	-	4.189.411
FAO SLM		831.521	-	509.316	-	-	-	1.340.837
PPP Horticulture	-	-	330.000	330.000	1.140.000	984.000	1.271.629	4.055.629
PPP Oilseeds	-	-	-	-	373.000	509.016	604.504	1.486.520
PPP Seeds	-	-	-	-	200.000	-	750.000	950.000
Total								12.022.397

Source: Piramide and information from the EKN

Note: This table only displays expenditures in the period 2005-2011. The Kaffa Development Programme and the FAO Sustainable Land Management programme were already operational before 2005.

Summary of effects

In the table below, an overview is given of the effects of the various instruments within the financial sector cluster. It should be noted that the column “summary of effects” should be treated with care since effects have only been validated for those projects for which evaluation reports satisfying IOB criteria are available. In all other cases, the summary of effects has been based on internal project documents and/or the outcomes of field interviews.

It must be noted that the PPP projects are a bit of a tangled web, because of the different funding mechanisms that were mobilised under the flag of the PPP cooperation, and the results were often achieved through joint efforts of private sector, government investments, DGIS funding and other funding (including LNV).

Table 31: Ethiopia, Dutch PSD instruments multiple clusters; overview of effects (2005 – 2011)

Intervention	Level	Evaluated?	Summary of effects
Kaffa Development Project	Systemic	No	<ul style="list-style-type: none"> • 4000 persons benefited from the community initiatives and at least 79 women groups (1500 persons) received credit • Project was halted before effects were achieved • Code of Conduct introduced
PPP Horticulture	Sector	No	<ul style="list-style-type: none"> • Participation in trade fairs to develop new markets • Integrated pest management piloted and rolled out to 14 farms • Improved rose quality on 12 farms

PPP Oilseeds	Sector	No	<ul style="list-style-type: none"> • Oilseeds value chains researched • 8 new oilseed varieties introduced • MSc and PHD research papers on oilseeds published • 3000 producers trained
PPP Seeds	Sector	No	<ul style="list-style-type: none"> • No effects can be reported yet

4.6.1 Objectives and effects

Kaffa development programme

Objectives

The Kaffa Development programme was implemented in partnership with the Zonal department for financial and economic development (ZOFED), with technical assistance by GRM International (government part), SOS Sahel (community initiatives) and FAO (Sustainable Land Management component). The total contribution of EKN, who was the sole donor to the both programmes, is of 5,5 million euro (2004-2008).

The overall goal of the Kaffa Development Programme is to strengthen the capacity of government and non-government institutions to guide, facilitate and support people-led development in the Kaffa zone. The program fits in the strategy of Ethiopian government to build capacity of institutions on local level and decentralize (by that time, 2002-4). The project consists of three main components: government strengthening (financial and technical assistance), community initiatives promotion (including promotion of trade associations, cooperatives and access to credit) and sustainable land management (SLM). The part of the program most related to private sector development is access to credit, in which a cooperation was set up with a local MFI. SOS Sahel paid salaries and hardware for this MFI. The MFI provided in total 14 million Birr to economic groups and cooperatives.

The Sustainable Land Management in Kaffa Zone project was foreseen to be the environmental component of the Kaffa Development Program that took off with EKN support in August 2004. Sustainable Poverty Alleviation Programme for the Kaffa Zone (SUPAK) and Kaffa Development Programme (KDP) in Ethiopia. Despite its agricultural potential, the Kaffa zone is one of poorest areas in the country. The programme is executed by the Zonal Planning and Economic Department (ZOPED) with funding from the Dutch government. The programme supports activities and micro-projects in the fields of agriculture, health services and rural infrastructure and strengthens the capacity of the institutions that are involved in the planning and implementation of these projects.

Effects

Goals were very ambitious, activities scattered and the linkages between the various components were not well elaborated in any plan. This character of the program, combined with the absence of an M&E-system, makes it hard to come to a conclusion on effects. However, the mid-term review states that one could note some improvement of the human capacities, in the area of improved planning, budgeting and reporting. The project safeguarded development investments. More than 4000 persons benefited from the community initiatives and at least 79 women groups (1500 persons) received credit. The SLM initiated policy implementation dialogue on land certification and forest management.

Public Private Partnerships

The PPPs are a bit of a tangled web of contracts, because the “PPP umbrella facility”, that was initially established after the WSSD summit, was later separated into three PPP facilities, which were then complemented by a number of additional contracts. In addition, some activities that were initiated by the PPP were funded by the Ministry of EL&I. Since the policy review aims to provide an overview of activities funded by DGIS/DDE, in the budget overview we have excluded other funding sources.

Ethiopia Netherlands Horticulture Partnership (ENHP)

The Ethiopia-Netherlands Horticultural Partnership (ENHP) is a partnership between the EKN, the Ministry of Trade and Industry, the Ministry of Agriculture and Rural Development, the Ethiopia Horticulture

Development Agency and EHPEA (Ethiopian Horticultural Producers and Exporters Association), representing the horticultural sector in Ethiopia.

The main aim of the ENHP is to contribute to strengthening the enabling environment for horticultural development and to address new challenges pro-actively.

The partnership is governed by a Partnership Committee, which is responsible for identifying and initiating priorities of action in the partnership, assessing and selecting proposals on partnership projects submitted by members from the association and monitoring and reporting on progress of approved partnership projects. EHPEA coordinates the partnership, manages the secretariat and executes the majority of the projects. The various actors work together since 2007 in the PPP and most activities under the partnership started in 2009.

The ENHPP supported a total of 25 projects in the period 2009-2011, of which 18 projects were partly finished in 2011 (see table below). The main projects (absorbing most of the resources) were related to establishing a code of conduct for the sector, testing and rolling out Integrated Pest Management (IPM) practices and capacity building program for farm production management.

What stands out in the activities is Wageningen University's involvement, who provided support to the horticultural industry in the form of training, research and project management.

Table 32: PPP Horticulture Ethiopia, projects (2005 – 2011)

	Area of intervention and purposes	Projects supported	Expenditures in euros
1	Management Capacity Building: <i>To improve yield and quality of flowers production through improved on farm technologies and management systems.</i>	2	299.275
2	Code of Practice: <i>To guide and monitor the sustainable development of the sector and to provide a tool to communicate progress and achievement in the areas of social and environmental performance</i>	2	314.058
3	Integrated Pest Management (IPM): <i>To promote IPM on flower, herbs and fruit farms through different trials and build the local knowledge and human capacity base.</i>	2	278.786
4	Capacity building in Fruit and vegetable: <i>To strengthen Fruit & Vegetable export based on conducting national & international conditions assessments.</i>	2	49.650
5	Post harvest handling: <i>To study & recommend an appropriate packaging standard for flower exporting and also system for improvement of the cool chain</i>	2	99.126
6	Building national professional capacity: <i>To build professional HR capacity through supporting higher education up to level of post graduate in horticulture.</i>	2	45.000
7	Market development: <i>To study and explore new windows for market place diversification and development.</i>	3	116.758
8	Produce post harvest training manual	1	1.500
9	Support smooth operation of the ENHPP: <i>support secretariat and general expenditures like accountancy and banking</i>	1	36.757
10	Improving export guidelines	1	74.385
	Total for projects	18	1.315.297

Source: Annual and biannual reports EPHEA 2009-2011

Note: only projects of which a half or more of the budget was spent at the end of 2011 are in this table. For that reason, some project numbers are missing, for which EHPEA already received money from the EKN. This explains the difference between the table above (total expenditures) and the current one.

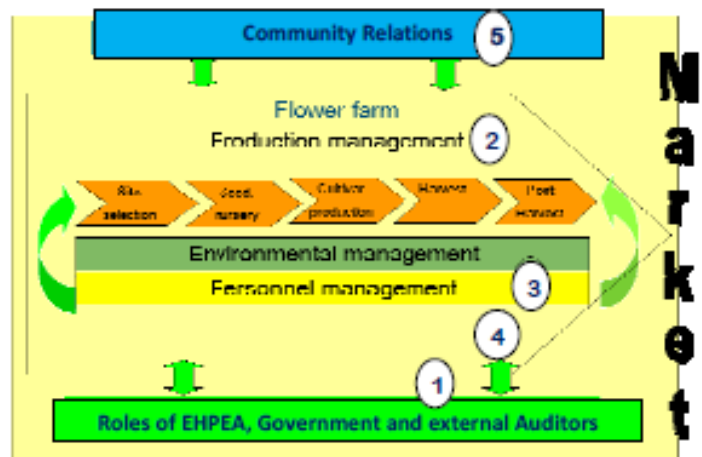
The box below elaborates on one of the projects funded under the ENHP that was mentioned to be one of the more successful ones, namely the development of the Code of Practice for Sustainable Flower Production.

BOX: Code of Practice for Sustainable Flower Production

The development of the Code of Practice for Sustainable Flower production was often mentioned during interviews as an example of a successful ENHP initiative. The sector, through EPHEA, initiated the Code of Practice as a means for self-regulation in the sector. ENHP supported the initiative by providing expertise, network and funding for external experts.

The development process of the Code of Practice involved a number of activities, which were carried out during the period 2006-7 and re-visited in 2010⁵². The main activities included:

- Analysis of existing market labels and codes relating to 'state of the art' sustainable flower production and to the market segments that are of particular interest to the Ethiopian flower producers
- A review of current production practices and relevant Ethiopian legislation on sustainable (farm) management and employment
- Consideration of experience relating to the design and implementation of Codes in other producer countries
- Farmer and stakeholder workshops to review and enrich the content, format and the define the methodology for implementation and management of the Code



The Code of Practice covers five “topic areas”, namely staff management, environmental management, production management, community relations and legislation and enforcers.

One of the success factors of the Code of Practice for Sustainable Flower Production was the introduction of a “graduation” concept, providing recognition to companies whose sustainability effort are beyond the ‘bronze’ compliance level.

In 2010, EPHEA introduced two additional levels of compliance, namely Silver and Gold, as higher standards to recognize the significant progress already made by some members in implementation of sustainable production practices and to guide the on-going development of farms in the sector.

In 2011, the Code of Practice was taken up in Ethiopian law, when the Government of Ethiopia decided to define the Bronze code of practice compliance level as a mandatory requirement for horticultural companies to obtain an export license.

Effects

No IOB approved external evaluations are available for the ENHP.

A review of the WSSD PPPs in export oriented horticulture was performed in 2009⁵³, which states that “the partnership appears to be most effective in Ethiopia”. According to the report, factors that contributed to the efficient partnership exploration and building process include:

- The pro-active role of the Agricultural Counselor and support of EKN

Practice for Sustainable Flower Production, Version 2.0 Issue Date March 2011;
<http://www.ehpea.org/documents/COP.pdf>

⁵³ “The Effectiveness of Public Private Partnerships in East African Export Oriented Horticulture; Review of the World Summit on Sustainable Development Public Private Partnership Programme in Tanzania, Kenya, Ethiopia (Zambia and Uganda)”; Expert Centre for Sustainable Business and Development Cooperation, March 2009 commissioned by MinBuZa and Min EL&I.

- Stakeholder involvement at the highest level
- Good facilitation of Dutch experts
- Commitment of the Ethiopian government to be actively involved in the partnership
- Build upon existing projects

The table below presents the report’s findings on the relevance and effectiveness of the ENHP, as well as its contribution to improved public-private dialogue, sector up-grading and socio-economic development.

Table 33; ENHP findings on relevance and effectiveness (2009)

	Relevance of partnership for capacity building	Contribution to improved public-private dialogue	Contribution to sector upgrading	Contribution to Socio-Economic development	General degree of Effectiveness
Ethiopia	High	Medium-High	High	Medium-high	High

Source: *The Effectiveness of Public Private Partnerships in East African Export Oriented Horticulture; Review of the WSSD PPP Programme in Tanzania, Kenya, Ethiopia (Zambia and Uganda)*; March 2009.

The report highlights that one of the challenges was that parties had limited experience with partnerships. Therefore, one of the lessons or success factors of the PPPs is that *“governing partnerships in these contexts requires a flexible mechanism”*. A second success factor highlighted by the report is that *“the WSSD partnerships on horticulture created added value through its close link with Dutch knowledge and research networks”*. Finally, the relevance of the PPPs is also stated to be high *“because the problems addressed by the WSSD partnership programme (...) could not have been solved by one actor (government, firms, NGOs) alone”*. There was a clear need for committing both public and private parties to joint problem solving.

Because the successful emergence of the horticultural sector in Ethiopia is often mentioned in discussions related to private sector development, in the box below, further information is provided on the background against which the sector emerged, and the role of Dutch Private Sector Development programme in the development and professionalization of the sector.

Box Background on horticultural export sector development in Ethiopia

The success of the emergence of the horticulture cluster cannot be attributed to a single support structure or organisation. Successes are a result of interactions and subsidies of the Ethiopian government, DGIS and EZ as well as a number of key individuals in the sector.

Export oriented horticulture caught the attention from the Ethiopian government after former Prime Minister Meles' visit to the prosperous horticulture sector in Kenya in 2002, where he fully recognized the potential of the export-oriented horticultural sector for Ethiopia. That same year, export horticulture was declared a priority sector, and GoE developed an attractive package of benefits to attract foreign investors in the sector. New investors in horticulture were offered access land and water on a 30 year lease almost free of charge, as well as a 5 year tax holiday on profits, duty free imports of agricultural inputs and support in capacity building⁵⁴.

In parallel, the Ethiopian Horticultural Producers and Exporters Association (EHPEA) was established as a platform to represent the interest of the sector, representing both Ethiopian and foreign entrepreneurs in the sector. This association was closely involved in the preparation of the first five-year plan of the Ethiopian government for the development of the sector.

Around the same time, former Minister of Development Cooperation Agnes van Ardenne added Ethiopia to the list of eligible PSOM countries. To kick off the programme in Ethiopia, the Netherlands Embassy, in consultation with a Dutch horticultural entrepreneur who was already active in Ethiopia, approached the Ministry of Economic Affairs to lobby for a horticultural trade mission to visit Ethiopia. The interest in the trade mission exceeded expectations by far; over 40 horticulture companies signed up and participated⁵⁵.

From 2003 onwards, a new cluster of international and local horticultural / floricultural companies emerged. Wageningen University states that in 2011, out of the 90 companies active in the Ethiopian horticulture sector, 20 are Dutch owned. In addition, there are a number of Dutch owned companies active in supplies or services to export oriented horticulture, and there is an emerging cluster of companies active in the Ethiopian market (vegetables, vegetable seeds, potatoes).

The PSOM/PSI programme, funded by DGIS, also made it easier for Dutch companies to start in Ethiopia, although most companies interviewed mention they would have most likely also started without the subsidy, but then on a different scale. PSOM provided subsidies to close to 30 projects/companies in the horticulture-related businesses in the period 2003-2011.

Also the Dutch Ministry of Economic Affairs⁵⁶ continued to supported Dutch business interest in horticultural sector development throughout the period. An Agricultural Counsellor was allocated to EKN Ethiopia, more trade missions for horticulture entrepreneurs were organised, and a horticulture trade fair in Ethiopia (Hortiflora Ethiopia⁵⁷) was hosted in 2007.

Another important support structure in the development of the horticulture cluster was the establishment of the Ethio-Horti Share Company (EHSC) in 2004. The company, founded by some growers and exporters (via EHPEA, has as main purpose to collective agreements for air freight and administrative matters with the airlines to arrange. EHSC contributed to regular charter cargo flights by Ethiopian Airlines. EHSC also facilitates collective purchasing of resources agro-chemicals and smaller equipment for its members, solving the main bottleneck of producers at that time.

In 2009, the PPP horticulture became operational and further supported the sustainability of the by now well established sector.

⁵⁴ "Transities naar duurzame bedekte tuinbouw in ontwikkelingslanden; Beschrijvingen van de sierteeltclusters in Zuid-Afrika, Kenia, Ethiopië en Oeganda"; C.J.M. van der Lans, A. Elings, J. Campen. Wageningen UR Glastuinbouw 2011 for Ministry of Economic Affairs, Agriculture and Innovation, Rapport GTB-1046.<http://edepot.wur.nl/176610>

⁵⁵ Source: Interviews during field research

⁵⁶ The ministry of LNV, later named ELI and EZ

⁵⁷ Holland Horti News special edition on hortiFlora Ethiopia, March 2007; http://www.aigaforum.com/hortinews_compleet_lowres.pdf

Public Private Partnership on Oilseeds

The PPP on oilseeds (PPP-O) was signed by MoARD, the Ethiopian Oilseeds Pulses and Spices Processors and Exporters Association (EPOSPEA), EKN and the Dutch product Board for Margarine, Fats and Oils in the Netherlands in 2008, and was managed by EPOSPEA. The partnership supported the public-private dialogue, and funded public private projects and business to business activities (mainly linseeds and sesame).

The aim of the PPP was to improve quality of edible oil (mainly sesame and linseeds), develop an Export Certificate (Code of Conduct) for EPOSPEA members and to link Ethiopian and EU based businesses to increase the export volume to high value markets. To this end, a 'business link manager' was appointed in the Dutch product Board for Margarine, Fats and Oils in the Netherlands. The business link manager's task was to organize Dutch trade missions and facilitate linkages. One of the project's performance indicators is the establishment of three Dutch-Ethiopian joint ventures in the oilseeds sector.

The SNV BOAM project, funded by EKN, as well as Cordaid and Agriterra were also active in the oilseeds sectors in the same period. Interestingly, the PPP-O did not actively cooperate with these programmes.

The external review⁵⁸ summarises the main outputs of the PPP oilseeds, which include the initiation of a public private sector dialogue, the establishment of a cash-against-documents payment facility for Ethiopian oilseed exporters (with a maximum value of USD 200.000), five trade missions, the first Trade fair for Oilseeds was held in Ethiopia, 12 new oilseeds varieties were approved and introduced, a Code of Conduct was drafted and five Ethiopian–EU joint ventures were established, including one with PSI subsidy. The table below provides an overview of objectives and main activities and outputs of the PPP Oilseeds.

Table 34: Overview of objectives and main activities and outputs of the PPP Oilseeds

Objective	Output
Develop a competitive, demand driven and sustainable oilseeds sector	<ul style="list-style-type: none"> - 4 reports on Ethiopian oilseeds value chains - Cash against documents payment facility for Ethiopian exporters of \$ 200k - At least 3,000 producers, exporters, MoA/T staff and researchers trained - Agreement with SDTV & Djibouti authorities on port utilization - 122 Voucher pads and 6 primary marketing facilities distributed to 6 primary markets - Improved infrastructure facilities EPOSPEA, EIAR
Improve quality and quality assurance systems and facilities	<ul style="list-style-type: none"> - Policy brief on edible oil strategy - Increase quality of products for at least 6 millers
Increase productivity in primary production in a sustainable way	<ul style="list-style-type: none"> - 5 sesame, 2 linseed, 2 Ethiopian mustard and 3 sunflower varieties were approved and released - 60 research papers and thesis from 8 MSc students and 2 PhD students on oilseeds
Establish a strong and trustworthy (inter)national trading reputation	<ul style="list-style-type: none"> - Participation in five trade fairs (China, Japan, Korea, Dubai, Germany) - Organization of first trade fair for oilseeds in Ethiopia & proceedings report - Experience trip GoE and EPOSPEA to oilseeds industry in The Netherlands - Final draft of code-of-conduct
Develop a platform for public-private dialogue to discuss and solve public- private bottlenecks	<ul style="list-style-type: none"> - 4 partnership committee meetings took place - At least 8 taskforce meetings
Strengthen the cooperation between Ethiopia and the EU	<ul style="list-style-type: none"> - 4 linseed contracts between Ethiopian traders & EU importers/processors - Resolve 6 default issues of Ethiopian traders in EU - 5 Ethio-EU JVs established

Source: "Oilseeds Strategy of the Embassy of the Kingdom of the Netherlands"; review of the period 2008-2012 and foundations for the period 2012-2015; Advance consult 2012

⁵⁸ "Oilseeds Strategy of the Embassy of the Kingdom of the Netherlands"; review of the period 2008-2012 and foundations for the period 2012-2015; Advance consult 2012.

The PPP on oilseeds was by far not as successful as the Horticulture partnership. According to stakeholders interviewed and the external review⁵⁹, the main challenges of the oilseeds PPP were the project set-up, the limited investment capacity in the oilseeds value chain and struggles with the Ethiopian Commodity Exchange (only for sesame, other oilseeds such as noug, linseeds and soy beans can be traded freely).

First, the project set-up of the PPP oilseeds was challenging because of the heavy involvement of the government of Ethiopia. Struggles between MoARD and MoT delayed the take-off of the project significantly and caused inflexibility in the administrative set-up.

Second, and related to the cumbersome involvement of the government in the PPP, was the struggle with the Ethiopian Commodity Exchange (ECX). The ECX is a trading system for agricultural commodities, that was introduced by the government of Ethiopia in 2008 with the aim of improving efficiency and lowering transaction costs between buyers and sellers. Initially, the ECX was supported by the donor community, and was perceived as a mechanism to cut out middlemen and improve smallholder access to (profitable) export markets.

Following a Government Decree, the ECX however effectively monopolized the trade in a number of commodities, including sesame, coffee and pea beans, against fixed prices. The system in the view of many companies and stakeholders became highly ineffective because a number of export markets (such as coffee) require product traceability, which could not be provided by the ECX. Also, the ECX was unable to provide differentiated prices for variable quality grades of for example coffee or sesame. EKN lobbied to exclude organic sesame from the ECX system, which was accepted in 2010.

A third explanation for the slow off take of the PPP oilseeds compared to the horticulture PPP lies in the different characteristics of these sectors. The horticultural exports sector has in recent attracted massive investments, agricultural production takes place in greenhouses, and the sector is dominated by international companies who brought in new skills and knowledge. The sector players have significantly more investment capacity, and the sector organisation EPHEA, although it also has its struggles, is higher qualified and has a better qualified board. The oilseeds sector in Ethiopia is still in its infancy. The sector is characterised by smallholder farmers, traders, and local SME processing companies, with limited investment capital, and limited access to skills and markets. This makes the oilseeds sector more complicated. Also, the limited capacities of EPOSPEA and the Addis Ababa Oil Millers Association (AAOMA) caused delays and budget underutilisation.

Effects

The review of the oilseeds strategy of EKN 2008-2012 provides insights on the programme outputs, but not on outcome level. The self-assessment of the PPP-O mentions a significant increase in the production and export of sesame. The attribution of the PPP-O to this increase is unknown.

⁵⁹ "Oilseeds Strategy of the Embassy of the Kingdom of the Netherlands"; review of the period 2008-2012 and foundations for the period 2012-2015; Advance consult 2012.

5 Assessment

5.1 EKN approach

The EKN Addis is the sole embassy in the PSD review that selected private sector development as one of its development cooperation focus sectors.

“Entrepreneurial embassy”

The EKN can be qualified as an “entrepreneurial embassy”, in several ways.

Firstly, to the Dutch private sector in Ethiopia, the Embassy’s willingness to make time and provide assistance is perceived as high.

Also, in our view, the embassy took on a proactive role in the development of the Agricultural growth programme (AGP). The Netherlands embassy perceived itself to be well poised to contribute this policy dialogue on agricultural development, given its expertise, access to high level government officials (fuelled by shared interests in the flower industry) and co-chair position in the RED&FS working group. EKN co-designed the multi-donor trust fund (also based on its experience participating in the PSNP), as well as co-funded the preparation phase.

A third example of an entrepreneurial way of working of the EKN in Ethiopia can be found in the flexible and pro-active design of the PPP facilities, mobilizing OS and non-conventional actors and networks. The approach of EKN in the PPP facility brought three innovations that may have been critical to the successes.

- Firstly, the PPP facilities were all set up as **flexible programmes**. EKN initially defined the core objectives, the eligible activities, and the organisational set-up of the PPP (the steering committee, the project management unit). After that, the public and private sector partners in the PPP were to come define their needs and propose projects to the PP partnership committee or board. Project budgets that were approved range from €1.500 to €300.000 per project. The PPPs thus had the ability of making small budgets available for well-targeted projects, initiated and driven by the sector stakeholders. The successful initiatives were characterised by a “Small money, smart money” approach. The fact that the PPPs made available small budgets and many discussions with PPP partners had to be held to support their project proposals also means that the PPPs are **labour intensive**. The Agricultural Counsellor and a full time consultant were managing the PPP contracts almost on a full time bases.
- The PPPs were also **managed in an entrepreneurial way**, pro-actively seeking opportunities, mobilising new partners, and sometimes also creatively making additional management capacity available by including such positions in new projects or trying to stretch the mandate of PSD instruments such as PSOM/PSI to fit the needs defined by the sector.
- Another success factor is the fact that EKN brought in **non-conventional networks, approaches, expertise and resources**. EKN had an active role to mobilised knowledge and funds from outside the PPP set-up. The Agricultural Counsellor’s network brought in people from outside the development cooperation sector. Also, the Agricultural Counsellor’s sector development approach was different from the value chain development approach practiced by the NGOs in Ethiopia. This added mix of business driven initiatives and technical experts brought a more business minded dynamic to the PPP.

“Policy dialogue”

With respect to the effects of “policy dialogue” in the DAG groups, it can be mentioned that this policy dialogue on private sector development is much emphasized in MASP and YP&AR, but the effects are not tangible. The donor community (and the donor community together with the government of Ethiopia) could not reach an agreement on a joint approach towards PSD and/or improving the business enabling environment

Lessons learned on effective private sector development policy dialogue, as formulated in interviews as well as in annual reports of the EKN, include:

- Projects piloting innovative policies involving only the local or regional government were not taken up by the national government;⁶⁰
- Policy dialogue is only effective if EKN is perceived as an appropriate policy dialogue partner by the Government of Ethiopia. This was only the case in the horticulture sector. Policy dialogue effects on sub-sector level are visible in the horticulture sector, but not on broad private sector level.

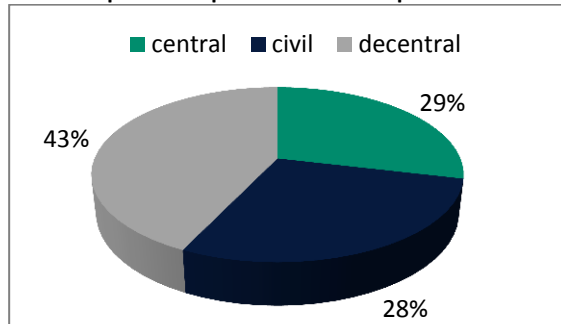
5.2 Effects of PSD in Ethiopia

Channels

The PSD related expenditure flows through four different channels: De-central (the Embassy), central (instruments based in The Hague and funded by DDE directly), Multi-lateral (Dutch funding to multilateral entities such as IFC or to multi donor projects) and civil society (NGOs).

Figure 6 below shows the relative weight of each channel over the period under review.

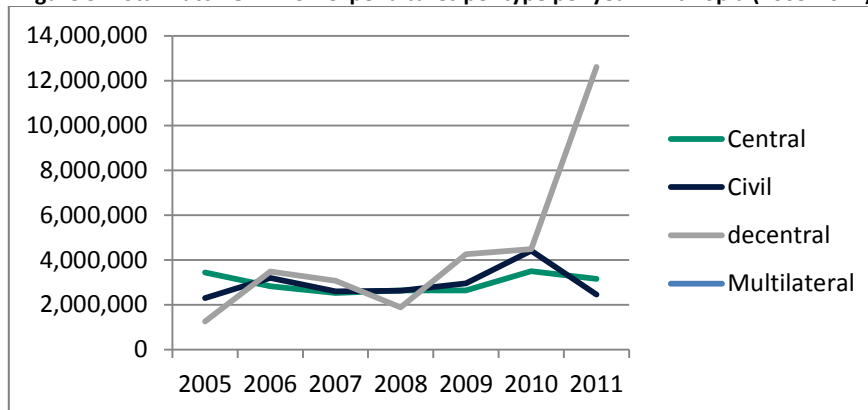
Figure 4: PSD expenditure per channel in the period 2005-2011 (in %)



In the period 2005-2011, the decentral instruments, projects executed directly under the responsibility of the EKN, account for 43% of the expenditures. These include the contribution to the multi-donor AGP trust fund. Another 29% of PSD related expenditure took place through so called "central" interventions, mainly ORET and PSOM/PSI. Interventions executed by "civil society" channels account for 28% of the Dutch PSD expenditures. Some of these expenditures were in the form of loans or guarantees, and not grants. The exact Dutch contribution to the multilateral projects (the IFC warehouse facility project and possible others) could not be specified. Therefore, the multilateral channel is not included in this analysis.

The peak in decentral channel expenditures in 2010 can be explained by the contribution to the multi-donor AGP programme.

Figure 5: Total Dutch ODA PSD expenditures per type per year in Ethiopia (2005-2011)



Source: Piramide and instrument data

Note: For PSOM/PSI, CFC and Agriterro, the expenditures per year are based on estimates

⁶⁰ The EKN funded Kaffa Development project aimed to pilot innovative land ownership structures in the remote Kaffa Zone. Through the policy dialogue, these experiences were to be promoted to be taken up by the national Government of Ethiopia. The project however was not a success. The BOAM project's public sector component was discontinued in the view of the lessons learned in the Kaffa project. However, according to EKN, the newer integrated seed sector development programme is currently successfully very successful in its local-regional-national approach, that was embraced by the ATA.

5.2.1 Dutch PSD instruments and the DCED indicators

In the table below, an overview is provided of the DCED indicators of the various Dutch PSD instruments in Ethiopia, as far as these could be established from evaluation reports and project documents.

Unfortunately, the number of relevant and approved evaluation reports for the Ethiopia chapter of the PSD review is limited to three, namely the PSOM/PSI evaluation, the ICCO private sector development evaluation and the evaluation of SNV BOAM programme.

Instrument	Expenditure 2005-2011 (€)	Level	Evaluated in country*	No. Enterprises	Net add. Income (€)	Net add. Employ- ment	Invest- ments (€)	Changes	Attitudinal
Finance									
FMO CD	128.820	Enterprise	no	2	unknown	unknown	unknown	unknown	unknown
IFC Warehouse	unknown	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
Oxfam Novib	711.250 grants 1.100.000 loans	Enterprise	no	unknown	unknown	unknown	unknown	unknown	unknown
Terrafina	5.623.832	Enterprise	no	6**	unknown	unknown	unknown	unknown	unknown
Cordaid	129.000 grant, 783.900 loans	Enterprise	q	unknown	unknown	unknown	unknown	unknown	unknown
<i>Subtotal</i>	<i>6.797.982</i>								
Infrastructure									
ORET	1.187.169	Enterprise	no	unknown	unknown	unknown	unknown	unknown	unknown
AGP-infra	2.400.000	Sector	na						
<i>Subtotal</i>	<i>3.587.169</i>								
Legal and regulatory									
DECP	41.123	System	no	unknown	unknown	unknown	unknown	unknown	unknown
FNV Mondiaal	60.377	System	no	unknown	unknown	unknown	unknown	unknown	unknown
ICF	1.445.000	System	no	693	unknown	unknown	unknown	unknown	unknown
Plant Breeders Rights	260.000	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
<i>Subtotal</i>	<i>1.806.500</i>								
Skills and knowledge									
AACC/SA	171.647	System	no	unknown	unknown	unknown	unknown	unknown	unknown
AGP	5.100.000	Sector	na	unknown	unknown	unknown	unknown	unknown	unknown
Agri-ProFocus	n.a.	Sector	q	unknown	unknown	unknown	unknown	unknown	unknown
Agriterra&POP	1.138.581	Enterprise	q	unknown	unknown	unknown	unknown	unknown	unknown
Bop Inc	43.142	Sector	na	unknown	unknown	unknown	unknown	unknown	unknown
CASCADE	1.000.000	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
CFC	917.465	Enterprise	no	unknown	unknown	unknown	unknown	unknown	unknown
CORDAID	5.432.217	Enterprise	q	unknown	unknown	unknown	unknown	unknown	unknown
Hivos	303.810	Sector	na	unknown	unknown	unknown	unknown	unknown	unknown
ICCO	9.042.143 grants 2.200.000 loans	Enterprise	yes	unknown	unknown	unknown	unknown	unknown	unknown
IFPRI	554.250	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
ISSD seeds	1.909.520	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
PSOM/ PSI	15.955.000	Enterprise	yes	39	1.5MNL/ company	224 jobs/ company	1.2 MLN / company	Horti- exports	unknown
PUM	488.000	Enterprise	no	unknown	unknown	unknown	unknown	unknown	unknown
SMALLVEG	249.956	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
SmHIdApicul.	467.055	Sector	q	unknown	unknown	unknown	unknown	unknown	unknown
<i>Subtotal</i>	<i>39.701.139</i>								
Market Access									
		Sector	yes	17.753	US\$ 1.378.00 0	unknown	unknown	unknown	unknown
SNV BOAM	6.896.580								
CBI	620.473	Enterprise	q	unknown	unknown	unknown	unknown	unknown	unknown
FTO	unknown	Enterprise	no	unknown	unknown	unknown	unknown	unknown	unknown
Solidaridad	417.000	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
<i>Subtotal</i>	<i>7.517.053</i>								

Instrument	Expenditure 2005-2011 (€)	Level	Evaluated in country*	No. Enterprises	Net add. Income (€)	Net add. Employ- ment	Invest- ments (€)	Changes	Attitudinal
Multiple-cluster instruments									
KDP	5.530.248	System	no	unknown	unknown	unknown	unknown	unknown	unknown
ENHP	4.055.629	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
PPP Oilseeds	1.486.520	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
PPP Seeds	950.000	Sector	no	unknown	unknown	unknown	unknown	unknown	unknown
<i>Subtotal</i>	<i>12.147.816</i>								
Grand total	96.665.384								

**) na= not applicable, mostly because the project is still on-going, no=the project has not been evaluated in country, yes= the project has been evaluated in country, q= the project has been evaluated in country but the report does not meet IOB criteria.*

****) Refers to microfinance organisations or agricultural cooperatives*

Given the limited availability of information on DECD-indicators it is hard to qualify the effect of the Dutch PSD instruments in the country in terms of those indicators. Furthermore, for those indicators for which information is available, the numbers cannot simply be aggregated in a meaningful way because the effect of the interventions is widely varies. For example, whereas PUM interventions provide a very specific short-term support to a large number of enterprises, the PSI support is more (resource) intensive but impacts a small number of enterprises.

Level of Effects

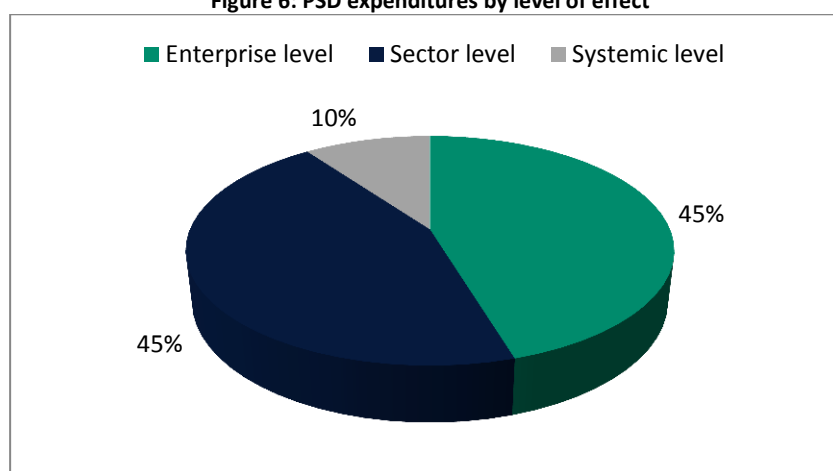
Figure seven provides an overview of the Dutch PSD expenditure per (intended) level of result: i.e. results at the enterprise, sector or systemic level. The distinction is made by looking at the specific interventions made by each instrument and by judging whether these are directly supporting a specific enterprise, an enterprise sector or all enterprises if the country. In the latter case, the intervention is classified as being at the systemic level.

As can be seen in the chart below, 62% of the expenditure flows to instruments focussing at the enterprise level. This includes FMO Capacity Development Fund, PUM and PSI, civil society programmes aiming to build capacity with producer organisations and ORET, since it contributed mainly to the operations of (state-owned) utility companies.

Next, 31% of the expenditures is made through programmes oriented at having an impact on the sector level. The vast majority of the PSD sector level instruments were active in the agricultural sector, some with a focus on specific subsectors such as the horticulture, oilseeds, honey or biogas.

Finally, 17% of the expenditures were made through instruments targeting to impact the systemic level, which include the Investment Climate Facility (ICF) project with the Ethiopian Customs and Revenue Authority, the land rights project in Kaffa, workers' rights campaigns of FNV Mondiaal and DECP.

Figure 6: PSD expenditures by level of effect



Source: Triodos Facet 2012

Evaluation coverage

External evaluations cover approximately 44% of the PSD expenditures for Ethiopia in the period 2005-2011, and 9% of the instruments. The three evaluations that meet the IOB quality criteria reviewed PSOM/PSI, SNV BOAM and ICCO. In the case of PSOM/PSI, the report only covers the period up to 2009.

Table 35: PSD expenditures covered by an (approved) external evaluation

Evaluated instrument	Expenditures 2005-2011 in €	% of total expenditures
PSOM/PSI	15.955.689	22%
ICCO LMD	11.242.143	16%
SNV BOAM	6.896.580	10%
Total evaluated expenditures	31.894.412	44%
Total non-evaluated expenditures	40.423.252	56%

The BOAM evaluation focussed mainly on lessons learned for the next phase of programme implementation. The evaluation does not make statements on the efficiency, effectiveness and relevance of the programme. The PSOM/PSI and ICCO LMD evaluations for Ethiopia both rank the efficiency as 'moderate' and the effectiveness as 'good'. With respect to relevance, PSOM/PSI was scored as 'good' and ICCO LMD as 'moderate'.

Whether the PSD programme in Ethiopia as a whole has been efficient, effective and relevant cannot be judged on the basis of these documents.

Table 36: PSD expenditures covered by an (approved) external evaluation

Evaluated instrument	Efficiency	Effectiveness	Relevance
PSOM/PSI	moderate	good	good
ICCO	moderate	good	moderate
SNV BOAM	The evaluation focussed on lessons		

5.2.2 Contribution to resolving binding constraints

In the table below, an overview is provided of the contribution of Dutch PSD instruments to changes in binding constraints for the private sector in Ethiopia. Although the Ethiopian economy is growing rapidly, the binding constraints for doing business remain relatively the same over time. In the field of finance, for instance, access to finance remains a major concern. Still, in specific sectors, the Dutch PSD programme did make a significant contribution to the development of the sector.

Table 37: Ethiopia: contribution of Dutch PSD instruments to changes in binding constraints (2005 – 2011)

Cluster	Change in binding constraint (2005 – 2011)	Dutch contribution to observed change
Financial	Government regulations especially on foreign currency transactions remain prohibitive for international trade and foreign investors / financial service providers Very low outreach of financial services persists	Policy dialogue offered (modest) improvements in access to forex for Dutch horticultural entrepreneurs Improved private microfinance organisations' access to loan capital through guarantee facility
Infrastructure	Need for improved electricity supply, telecommunications and connectivity to neighbouring countries remains.	Small, the Dutch PSD programme mostly contributed at enterprise level.
Skills	The lack of skilled people and low labour productivity continues to be a major bottleneck Agricultural productivity remains very low, a.o. reflecting the very low level of education and technical skills among farmers	Skill improvement In the horticultural exports sector through on-the-job training and educational programmes. Contribution to smallholder access to skills and knowhow, in specific value chains including oilseeds and honey.
Legal	Private sector still under strong government control, many administrative barriers, preferential treatment of state	Few cases of eased administrative barriers in the horticulture sector, related to the PPP (plant breeders rights, regulations for import of agricultural inputs,

Cluster	Change in binding constraint (2005 – 2011)	Dutch contribution to observed change
	companies and government interference in business associations and trade unions.	IPM)
Market access	Improved export market access for horticultural enterprises Smallholder farms continue to have limited access to local and international markets.	Improved position of supported enterprises and producer organisations in selected sectors Improved export market access for export oriented horticultural producers

The Dutch PSD programme contributed to improving the development of the private sector in Ethiopia, mainly in the agricultural sector.

With respect to **access to financial services**, civil society support to the Ethiopian microfinance sector attributed to private microfinance organisations’ professionalization, increased rural outreach and improved access to loan capital through guarantee facilities. Also, policy dialogue offered (modest) improvements in access to foreign exchange for Dutch horticultural entrepreneurs. It should be noted though that the access to finance was extremely low, and the challenge of access to financial services remains pressing.

The sub-sector where the Dutch PSD programme has clearly had had an **evident impact** is the **horticultural exports sector**. The main PSD instruments that supported the sector were the PSOM/PSI programme and the Ethiopia Netherlands Horticulture Partnership (ENHP or PPP horticulture). Of course it should be noted that the so-called ‘counterfactual’ is not known (what would have happened if there would have been no Dutch funding to the horticulture sector). Still, as noted in the evaluation report on the PSOM/PSI programme, the majority of PSI supported entrepreneurs interviewed stated they would also have started in Ethiopia without a PSI subsidy, but in a different way. PSOM/PSI provided (financial) room to do start at a larger scale, and with more resources for social and environmental aspects of the business. Also, as mentioned in the report, the significant subsidies and benefits provided by the Government of Ethiopia should not be overlooked. Growth of the horticulture exports sector is thus only limitedly attributable to the Dutch PSD funding.

The ENHP really came in as a quality improvement tool, focused on **needs of the sector (aiming to have impact on several constraints at the same time)**. The PPP supported stakeholders to resolve binding constraints in the already dynamic sector, **but also** explicitly worked on the **long term sustainability** of the sector. The partnership supported the Government of Ethiopia’s capacity to enter into dialogue with the sector, and provide meaningful services and regulations. It also supported companies to improve their social and environmental performance. For example the ENHP supported *Code of Practice*, taken up in legislation, provides guidelines on is widely applauded and is exemplary to other (foreign investment) sectors, such as the garment industry.

In other specific value chains (such as **honey, sesame seeds, coffee, dairy farming and biogas**), Dutch PSD programme mainly supported the **skills** and **access to markets** of smallholders. These projects mostly targeted producer organisations, and include ICCO, Agriterra, Solidaridad and the PPP oilseeds.

The fact that these programmes did not achieve as significant a success as the PPP horticulture can be explained by the different characteristics of the businesses and agricultural producers involved. Fact is that horticultural (mainly floriculture) exports is a dynamic sector in Ethiopia, and the relatively high number of foreign (Dutch) investors facilitated innovation and fast growth. In the PPP Oilseeds, for example, is dominated by domestic businesses. Investments in the sector are generally lower, and the sector demonstrates slower growth. This may have been one of the reasons why the PPP oilseeds, although similarly designed, but also value chain development programmes or instruments with other PSD approaches has harvested other results.

5.3 Relationship between instruments and synergy effects

The following section of the report reviews the interactions that have taken place amongst the various PSD instruments. During the field visits, the research team interviewed managers of PSD instruments and with EKN staff, to assess whether and to what extent links and synergy exist between the PSD instruments and their interventions.

To be able to come to findings on links and synergy, in line with the inception report, the team defined four levels or types of interaction between instruments, namely 1) overlap, 2) no interaction, 3) information exchange and 4) synergy. The criteria used to define overlap, no interaction, information exchange and synergy are summarised in the table below⁶¹:

Table 38: Criteria for defining overlap, no interaction, information exchange and synergy

Criteria	Definition	Indicators
Overlap	Two (or more) PSD instruments try to achieve the same objective	No. of Interventions/% of total PSD expenditures in country X that overlap with other projects
No interaction	Instruments that could cooperate do not exchange information	No. of Interventions/% of total PSD expenditures in country X that do not interact with other projects
Information exchange or cooperation	Instruments exchange information, or collaborate	No. of Interventions /% of total PSD expenditures in country X that are exchanging information or cooperate
Joint interventions (synergy)	Two (or more) instruments develop joint interventions	No. of Interventions /% of total PSD expenditures in country X that are have joint interventions

Source: Triodos Facet inception report

5.3.1 Findings on overlap, links and synergy

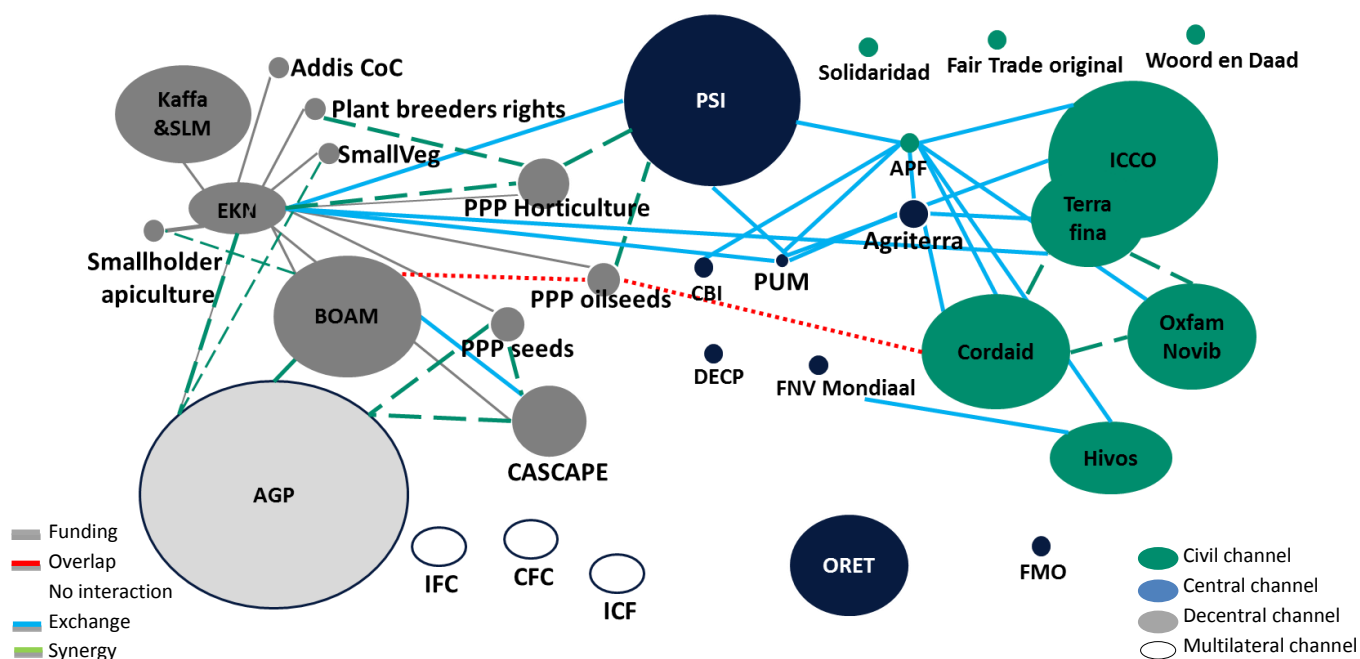
During interviews, an overview was made of the linkages between each of the civil, central, de-central and multilateral Dutch supported PSD instruments. The respondents were asked to what extent their instruments are cooperating with other Dutch PSD instruments.

The figure below provides an overview of the network of Dutch supported PSD instruments in Ethiopia. The coloured circles represent the instruments. The size of the circle reflects the PSD expenditures of the instrument in Ethiopia, while the colour of the circle indicates whether the instrument is central (blue), de-central (grey), civil (green) or multilateral (white).

The lines connecting the connecting the circles indicate what type of interaction has taken place between the instruments. Red indicates overlap, blue stands for exchange, green means synergy and grey is used to indicates a funding-line (EKN funding to de-central instruments). Programmes without any lines connecting them to other instruments had no interaction or evident linkages with the other Dutch PSD instruments (if there has been no interaction, there is no line).

⁶¹ These criteria are further elaborated on in the inception report.

Figure 7: overview of the network of Dutch supported PSD instruments in Ethiopia



5.3.2 Observations on overlap, links and synergy

Overlap

Overlap, as mentioned above, is defined as “two (or more) PSD instruments try to achieve the same objective”. Overlap can have two effects; one is that instruments have the same objective and are obstructing each other by trying to do the (exact) same in the same place; here *effectiveness* would be reduced by overlap. The other effect of overlap is that resources are channelled through several instruments to achieve the same, which implies a reduced *efficiency*; maintaining several different institutions, instead of one, results in higher overheads (institutional cost, search cost, transaction cost in general) than in case one institution addresses the issue.

Overlap in the Ethiopian PSD portfolio is limited to one case only, as can be seen by the red line in the figure above. The BOAM project, Cordaid and the PPP were all working on supply chain development in the oilseeds sector. The activities of Cordaid in the oilseeds sector were taken over by Agriterra after Cordaid phased out of Ethiopia in 2010.

We have not found any evidence of instruments obstructing each other; rather, the instruments are trying to achieve (generally) the same, but through different means, approaches and channels. Cordaid/Agriterra build capacity in the oilseeds sector by supporting producer organizations, the BOAM project aimed to work with Ethiopian actors across the value chain, and the approach of the PPP was more focused on bringing in Dutch expertise and working with the Ethiopian governmental organizations. Reduced efficiency is likely, but may be justifiable by the different approaches and channels mobilised.

No interaction

As can be seen in the figure, there are several programmes without any lines connecting them to other instruments. These are the PSD programmes that had no interaction or evident linkages with the other Dutch PSD instruments. The most striking instrument with no interaction is ORET (blue circle at the bottom right). Another example is the FMO CD programme support to the training of medical staff of a private hospital in Addis specialized in cardio vascular diseases.

Other central instruments with no interactions include the DECP and FNV Mondiaal. DECP's programme in Ethiopia is not successful and relatively small, which may explain the fact that the programme in Ethiopia does not seek to exchange with other instruments. FNV Mondiaal in Ethiopia is also small and mainly supported the teachers association. It therefore did not seek much interaction with other private sector development instruments.

The decentral instrument with no linkages to other instruments is the Addis Chamber of Commerce Mercato women entrepreneurship project. For the other decentral instruments (Smallveg, plant breeders rights, Kaffa), in most cases we saw that the results and/or lessons that were relevant to the other EKN funded projects and were actively spread by EKN.

The effects of instruments having no linkages can be either *missed efficiency and missed synergy opportunities*; information exchange can lead to better interventions and/or avoidance of duplication or overlap. Especially a capital intensive infrastructure development instrument like ORET/ORIO could improve its developmental impact and therefore relevance in Ethiopia if the infrastructure would create new opportunities to agricultural producers with improved capacities and/or market linkages.

Information exchange or cooperation (Links)

The many blue lines in the figure above indicate that there is ample information exchange between Dutch PSD instruments in Ethiopia, especially amongst the central and the civil instruments.

The type of information that is exchanged between the central instruments is mainly what we called "cross selling". The central instruments like PSOM/PSI, PUM and FMO CD all have a static service/ instrument they need to "sell". The exchange is often intended to engage third party organisations in promoting the central instrument, to ensure sufficient number and quality of applications.

Also the civil instruments exchange information, mainly through platforms of which these organisations are a member. Several platforms for information exchange in the Ethiopian context include the DAG RED-FS and PSD working groups, the AgriProFocus learning alliance programme and platform. The civil society organisations mainly exchange experiences and sector knowledge. The effect of information exchange on the quality of the delivery of the services is not evident. It does strengthen the networks of the NGOs and in some cases avoided overlap.

For the multilateral instruments, DDE-funded multilateral programmes have no information exchange with other NL PSD activities (ICF, IFC). Multilateral instruments funded through EKN (not DDE), have more information exchange and even some synergy. This can be attributed to the strong role/support of EKN in definition and development of this multilateral programme, actively bringing the experiences of the PPPs and BOAM into AGP and supporting the formulation of complementary programmes such as the Small vegetables programme and CASCAPE.

Joint interventions (Synergy)

First of all, synergy is not necessarily a requirement – few opportunities exist where the extra cost for search, design and coordination are justified by the benefits of synergy. In the view of the interviewed instruments, such a "tangible opportunity" is a precondition. At the same time, many optimistic objectives can only be reached with the resources of several partners, so it would typically be beneficial to invest time in researching the possibilities. Here, the "driver" is crucial to be present: an institutional incentive or reward that makes it a clear up-side to invest in and compromise with (if needed) partners.

EKN created or initiated most synergy between PSD instruments in Ethiopia. Interestingly, the biggest synergy effects were not achieved with conventional development cooperation actors, networks and instruments, but by combining development cooperation with non-conventional actors, networks and instruments, such as LNV, EZ, NL Agro knowledge networks and non PSD instruments (NUFFIC). Equally interesting to note is the fact that where EKN was merely the funder, not much synergy developed. Synergy came through involvement (as actor) in the design and implementation of an instrument.

A second synergetic cluster is the group of civil society organisations active in the microfinance sector, which is an example of joint planning and implementation of an intervention to achieve better results.

What is remarkable (and also mentioned above in the section on overlap) is that there has been no synergy between the EKN funded PPPs and the civil instruments. According to the interviews, this can be attributed to the differences in organisational culture and PSD approach, which resulted in limited scope for synergy.

In four groups of instruments, organisations have chosen to collaborate intensely, with interventions that enhance each other's outcomes.

- Smallholder apiculture / BOAM; the project already existed before the BOAM project became operational. The Smallholder apiculture project focused on the formation of beekeeping producer organizations and an apex organization. SNV when starting the BOAM project tied in with these same organizations and supported their production capacity and buyer linkages.
- PPP oilseeds, seeds and horticulture / PSOM/PSI; EKN actively worked on attracting new (Dutch) companies / investors in the oilseeds, seeds and horticulture sectors. The embassy organized trade missions, contacted Dutch sector organisations to involve them in projects and bring the PSI programme to the attention of potentially interested Dutch entrepreneurs in these sectors. This created a synergy effect, because it resulted in improved quantity and relevance of PSOM/PSI proposals, and the increased investments in the sector had a positive effect on at least the horticulture PPP.
- MicroNed; Oxfam Novib, Cordaid and Terrafina cooperated to support AEMFI (the national Microfinance umbrella organisation) to further its lobby and advocacy capacity, as a joint working strategy planned in the framework of MicroNed.
- CASCAPE was designed to be synergetic to the AGP. Because the AGP only became operation in 2012, this synergy cannot be assessed yet.

If we summarize the above findings, it becomes clear that there is a partial overlap in 3 of the 33 PSD instruments deployed in Ethiopia. Also, no exchange (mainly ORET) took place in 29% of the expenditures, and the review indicates that opportunities for collaboration and/or potential synergy were missed. Apart from ORET, nearly all (large) instruments exchange information or collaborate with at least one other instrument. Still, it is important to note that this does not imply all opportunities are used. Real synergy is not a rare occurrence, with nine instruments that actively work together and enhance their respective outcomes this way, and 50% of the expenditures are affected by synergy. A large share of these synergetic expenditures is made by the PSI programme with the ENHP.

Table 39: Overview of links and synergy related to expenditures of the Dutch PSD programme in Ethiopia 2005-2011

Links and synergy	No. of instrument	Total No. of instruments
Overlap	3	33
No exchange	5	
Exchange/Collaboration	15	
Synergy	9	

** the oilseeds share of the overall expenditures of the BOAM programme and of Cordaid was estimated at 20% each.*

6 Summary and Conclusions

6.1 The approach

The overall expenditures on PSD in Ethiopia in the period 2005-2011 amount to € 100 million, of which € 101 million through grants and € 4 million through loans/guarantees. In the period 2005-2011, 46% of the PSD related expenditures were channelled through so called 'central' instruments, mainly ORET and PSOM/PSI. Interventions funded by civil society organisations account for 25% of the expenditures. The de-central instruments, which are projects executed directly under the responsibility of the EKN, account for 29%. One could therefore conclude that EKN expenditures on PSD were significant, especially if compared to other countries in the PSD review.

The EKN can be qualified as an "entrepreneurial embassy". The EKN Addis is the sole embassy in the PSD review that selected private sector development as one of its development cooperation focus sectors. EKN took on a proactive role in the development of the Agricultural Growth Programme (AGP), a multi-donor trust fund that aims to support growth in agricultural production. Another example of an "entrepreneurial" way of working of EKN is the flexible and pro-active design of the PPP facilities (PPPs on horticulture, oilseeds and seeds), where the embassy also mobilized non-conventional actors, networks and resources. This active involvement of EKN Addis has improved the overall result of the PSD programme.

With respect to the effects of EKN's "policy dialogue" on private sector development with the Government on Ethiopia, this was found to have been effective (to a limited extent) in the horticulture export sector, which has GoE's priority attention and where EKN is perceived as an appropriate policy dialogue partner. In the PSD related donor coordination groups, or in bilateral policy dialogue promoting more general changes in the PSD policies of the GoE (e.g. on access to finance), the effects are not tangible.

6.2 The effects

For Ethiopia, only three evaluation reports that meet IOB criteria are available for the period 2005-2011 (PSOM/PSI, ICCO LMD and SNV/BOAM), covering one third of the expenditures. Therefore, whether the PSD programme as a whole has been effective and relevant cannot be judged on the basis of these documents. For that reason, this report also relies on interview outcomes and the instruments' project documents to arrive at a summary of effects.

Overall, it can be stated that the contribution of the Dutch PSD instruments to changes in binding constraints or the development of the private sector in Ethiopia has been visible, especially in the agricultural sector. Even though the information depicted in this report shows that the binding constraints for doing business in Ethiopia remain relatively stable over time, significant changes have taken place on sector or sub-sector level.

The sub-sector where the Dutch PSD programme has clearly had an **evident impact** is the **horticultural exports sector**. The main PSD instruments that supported the sector were the PSOM/PSI programme and the Ethiopia Netherlands Horticulture Partnership (ENHP or PPP horticulture).

With respect to **access to financial services**, civil society support to the Ethiopian microfinance sector attributed to private microfinance organisations' professionalization, increased rural outreach and improved access to loan capital through guarantee facilities. Also, policy dialogue offered (modest) improvements in access to foreign exchange for Dutch horticultural entrepreneurs. It should be noted though that access to finance remains a major binding constraint in Ethiopia.

Thirdly, in specific value chains (such as honey, sesame seeds, coffee), the **skills** and **access to markets** of smallholders have been improved. These projects mainly targeted producer organisations.

Therefore, we conclude that the Dutch PSD policy has contributed significantly to the development of the private sector in Ethiopia, mainly in the field of (export oriented) agriculture.

6.3 Relationship between instruments

In summary, the Dutch PSD instruments in Ethiopia show cases of synergy, collaboration and overlap. There has been a partial overlap in three of the 33 PSD instruments deployed in Ethiopia. This was related to work in the oilseeds sector (mainly sesame), where the EKN oilseeds PPP, Cordaid and SNV BOAM had a different approach. No obstructing effect of this overlap was observed.

Apart from ORET/ORIO, nearly all (large) instruments exchange information or collaborate with at least one other instrument. Still, it is important to note that this does not imply all opportunities are used. Nine instruments actively worked together and enhanced their respective outcomes this way, and 50% of the expenditures are affected by synergy. A large share of these synergetic expenditures is made by the PSI programme with the ENHP, and in the microfinance cluster.

Generally, the PSD programme in Ethiopia in the period 2005-2011 has had synergy in developing the agricultural sector, mainly in the export oriented horticulture sector. This is also partially attributable to the active involvement / entrepreneurial attitude of the EKN.

Annex 1: References Ethiopia Country Study

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Annex 2: Overview of 4.3 expenditures left out of the review

The table below provides an overview of the projects were funded by the Embassy of the Kingdom of the Netherlands and that incurred expenditures under budget heading 4.3 in the period 2005-2011, but that are not considered as a private sector development programme.

For the below listed six programmes, no evident direct relationship between the activities and PSD development as defined by DDE could be established. The contribution of these programmes to the PSD development objectives can thus not be assessed. The programmes were therefore excluded from the analyses of this private sector development policy review.

Programme and expenditures in period under review	Description	
Bale Ecoregion Sustainable Management programme € 1.479.621	The Bale Ecoregion was implemented by a consortium of NGOs and consultants in the areas surrounding Bale national park, and aimed to conservation of the area by supporting development and implementation of a Land Use Management Plan together with local government and community organisations. The BEMO mentions Bale Mountains nature conservation to be important because of its biodiversity and ecological importance, as well as because of its economic importance, with 12 million people being dependent on the regions crucial role in climate control and as a source of water.	The objective of the programme is ecological conservation, not private sector development.
Integrated Community Based Nutrition € 250.000	The programme is implemented by the Ethiopian Ministry of Health, and focusses on improved nutrition for adolescent girls, mothers and children under 2 years of age. The programme builds on the experienced of the Community Based Nutrition Programme (supported by UNICEF, World Bank, CIDA and JICA) was rolled out in 360 woredas. The Dutch support, approved in October 2011, allowed of 15 woredas to be added to the programme. The BEMO mentions the support to be in line with the DGIS food security policy paper.	The objective of the programme is improved nutrition, not private sector development.
Acceleration of water supply, sanitation and hygiene € 7.135.288	The objective of the program is 'to contribute to the health of the population in eight woredas (...) through WASH service provision and the development of technical and management capacities of communities and local government'. Main activities were promoting rural water supply, promotion of sanitation and hygiene, capacity building and knowledge management at regional, woreda and community level. 418,000 people have access to safe water and sanitation.	Non PSD
Livelihoods Development Program Save the Children UK € 3.029.247	The objectives of the project were to provide 'cash relief' to 40.000 people, and strengthen local markets through the cash-for-work community infrastructure projects, such as irrigation canals, roads, seed banks and tourist facilities. The project was implemented by Save the Children. The budget was topped up in 2008 to allow for StC to train the Meket woreda and hand over the cash-transfer activities to the PSNP.	Food security project with no direct link with private sector development
Kango Path to Self Resilience € 202.729	Funding was provided to a group of NGOs, headed by the Canadian Hunger Foundation, to perform a study on experiences of NGOs on if and how chronically food insecure can graduate. The research aimed to give a voice to a group of NGOs with experience in promoting livelihoods in Ethiopia. The study further aimed to provide a definition and indicators for graduation, and argued that the PSNP needed to pay more attention to the requisite conditions that prevent households from slipping back into the net. Reasoning behind the support, as summarized in the BEMO, is that in discussions on the PSNP the NGO angle and experiences had been	Food security project with no direct link with private sector development

Programme and expenditures in period under review	Description	
	largely overlooked. The PSNP hoped to graduate beneficiaries within five years, but acknowledged that success would depend on complementary initiatives. How and to what extent beneficiaries would graduate had not been specified.	
<p>Productive Safety Net Program (PSNP)</p> <p>€ 50.200.000</p>	<p>The PSNP is a multi-donor supported program administrated by the World bank and implemented by the Government of Ethiopia. The PSNP aims to contribute to the sustainable graduation from food insecurity for a large number of chronically food insecure. The objective of the PSNP is to help households smoothen their consumption and build productive community assets through public works. The PSNP is one of the four GoE pillars to improving food security. The second donor supported pillar is the Household Asset Building Program (earlier called the Other Food Security Programs pillar), through which households are provided with a one-time highly subsidized credit of €150- €600 to rebuild their asset base. Next, several capital intensive infrastructure works (mainly irrigation projects) were undertaken by GoE to improve the enabling environment. Fourthly, the GoE invested in a Resettlement Program, targeting to relocate 440.000 households.</p> <p>EKN did not belong to the donor group that initiated the PSNP, but contributed to the second and the third phase of the PSNP, running from October 2008 to December 2010). The Minister of Development Cooperation decided to award € 10 MLN per year in the MASP 2008-2011 in 2008, and allocated an additional € 2 MLN after visiting Ethiopia in 2009.</p> <p>The main drivers behind the PSNP were USAID, Irish Aid, WFP, the EU, DFID, CIDA, SIDA and the World Bank. The Netherlands and Danida joined in phase 2 and phase 3 respectively.</p> <p>The total budget of the PSNP in the period 2005-2011 was of over € 1,8 billion.</p>	<p>Food security project with no direct link with private sector development</p>

Annex 3: Interview list Ethiopia country study

Organisation	Interviewee	Function
Addis Ababa Chamber of Commerce	Mr Getachew Regassa Mr Yayehyirad Abate	
ADMAS /Wolkite	Mr Mekonnen Baltmore	Manager
Agri Pro Focus	Mr Wim Goris Mr Gerrit Holtland	Senior advisor Representative Ethiopia
Agriterra	Mrs Mascha Middelbeek Mr Cor Jan Zee Mr Tekagl Gudissa	Liaison Officer
Buusa Gunoofoa	Mr Teshome Yohannes Dayesso	General Manager
Common Fund for Commodities	Mr Tilaye Bekele	Project Manager
DDE	Mr Frits van der Wal	Senior policy advisor
EKN ADD	Mrs Lianne Houben Mr Gerrit Noordam Mr Geert Geut Mr Hans van den Heuvel Mr Joep van den Broek Mr. Marius de Jong	
Ethiopian Employers Federation (EEF)	Mr Negalgne Muleta	Director
Ethiopian Horticultural Exporters Association (EHPEA)	Mr Tilaye Bekele Mr Tsegaye Abebe Mr Marc Driessen Mr Yassin Legesse Johnson	Chairman Former Chairman Board Member Board Member
Ethiopian Oilseeds Pulses and Spices Processors and Exporters Association	Mr Nigusie Simie,	General Manager
Ethiopian Revenues and Customs Authority	Mr Hailie Mekonnen	Director, Information Technology Management
Ethiopian Steel Profiling Company	Mr Hans Walhout	Managing Director
European Commission	Mr Jeroen Willems	Head of Section Economic and Social Development, Trade and Regional Integration, Delegation of the European Union to Ethiopia
Marginpar Farms	Mr Hayo Hamster	Farm manager
PUM	Mrs Emebet Dejene	PUM representative Ethiopia
SNV	Mr Mark Steen	Former coordinator of the BOAM project
Solagrow	Mr Jan van der Haar	Managing Director
Terrafina Microfinance	Mr Harm Haverkort Mrs Mariel Mensink	Microfinance Advisor
World Bank	Mr Teklu Tesfaye Mr Wolter Soer	Agricultural Growth programme PSNP
Ethiopian Electrical Power Company	Mr Andarge Eshete	Executive Officer Generation and Operation
Central Employees Trade Union (CETU)	Mr Kassahun Follo	President
Former Agricultural Counsellor at EKN	Mr Geert Westenbrink	Former Agricultural Counsellor at EKN
Ethiopia Horticulture Development Agency (EHDA)	Mr Haile Selasie	Chairman