What was the Objective of the Evaluation?

The purpose of this evaluation is to assess the development results of the Bank’s assistance to Ethiopia and in particular the extent to which the Bank’s interventions have made a difference in the country and how. Covering the period 2004-2013, this evaluation also identifies lessons and potential improvements for the design and implementation of the new Country Strategy Paper (CSP) 2016-2020.

What Did IDEV Find?

Relevance

The strategy was allied with the Government’s priorities, both at country and sector level, and the portfolio was generally well aligned with the strategy. Selectivity has increased over time, and the portfolio examined was highly concentrated on three main sectors (Transport, Energy and Governance, the latter mainly through the Promotion of Basic Services programs). Areas for improvement include a more systematic analysis of beneficiaries’ needs and further elaboration on the support to private sector development.

Effectiveness

Almost all the projects that were completed produced satisfactory outcomes. Tangible results were achieved in the transport, energy, and water supply and sanitation sectors, contributing to improving the country’s (trunk) road network and, to a lesser extent, the power distribution and interconnection system and access to water supply. Nonetheless, several different factors, ranging from the slow development of an affordable transport system to connectivity and technical issues, partly reduced the actual impact of the assistance on economic growth and diversification.
**Efficiency**

The rigid and heavy procedures imposed by the Bank, combined with the limited development management capacity of local counterparts, resulted in significant delays in the delivery of the assistance.

Although the quality at entry of the CSPs was found adequate, sustainability challenges were not explored in sufficient detail in previous CSPs, both in terms of lessons learned from past interventions and implementing partners’ capacity.

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**Sustainability**

The financial resources, and the technical and management capacities of the national utilities responsible for maintaining the infrastructure, especially the rural electric distribution network, remain insufficient. More encouragingly, the Government is showing a strong commitment to ensuring sustainability issues are managed and considerable efforts have already been made including, for example, the restructuring of the power utility.

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**What IDEV Recommend for the Future Strategy?**

- **Strengthen the inclusiveness analysis in both strategy and operations.** The Bank’s strategic selectivity has increased over time while investments in sectors of strategic importance for inclusiveness, such as agriculture and water supply, have declined.

- **Further expand the support to private sector development including stronger collaboration with other development partners.** In light of the increasing emphasis placed by the Government on the promotion of the private sector, appropriate solutions fitting the local environment need to be identified.

- **Adopt innovative approaches to improve the alignment with other development partners and respond to the country’s specific constraints.** The instruments used by the Bank in Ethiopia have remained stable over time while efforts have been made at a corporate level to propose innovative options.

- **Improve the sustainability analysis in the strategy.** Given that moderate to serious concerns about sustainability are widespread in all sectors, a proper analysis of sustainability risks is recommended to improve the potential of the Bank’s support to achieve long-term sustainable economic and social development, especially considering its focus on infrastructure development.

- **Support the development of the management capacity of the Government and its implementing agencies for an effective delivery of the assistance.**

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**What did Management Respond?**

Management is pleased to note that the Evaluation finds satisfactory relevance and alignment of Bank’s past strategies to the development needs of Ethiopia. Management further notes that Bank interventions have largely been effective in delivering results, albeit under challenging conditions in some instances, which have limited results achieved. Management also broadly concurs with the main findings of the evaluation, such as the lack of systematic funding of capacity building initiatives in public sector management and governance, limited interventions in private sector development, and insufficient integration of gender and regional disparities in Bank operations. The new CSP covering 2016-2020 has been formulated taking into account the various issues identified in the Evaluation, and recommendations therein. In this context, the evaluation report is timely as it has informed design of an improved new CSP for Ethiopia for the 2016-20 period.

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**About IDEV**

Independent Development Evaluation (IDEV) of the African Development Bank carries out independent evaluations of Bank operations, policies and strategies, working across projects, sectors, themes, regions, and countries. By conducting independent evaluations and proactively sharing best practice, IDEV ensures that the Bank and its stakeholders learn from past experience and plan and deliver development activities to the highest possible standards.

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Complete report is available online at idev.afdb.org