



# **Aid Management and Utilisation in Ethiopia**

**A study in response to allegations of distortion  
in donor-supported development programmes**

**July 2010**

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## Acronyms

BOFED	Bureau of Finance and Economic Development (regional level)
CIDA	Canadian International Development Agency
CRS	Catholic Relief Services
DAG	Development Assistance Group of donors
DFID	Department for International Development
DPPB	Disaster Prevention and Preparedness Bureau
DPPO	Disaster Prevention and Preparedness Office
DRMFSS	Disaster Risk Management and Food Security Sector
ENCU	Emergency Nutrition Coordination Unit
EOS-TSF	Enhanced Outreach Strategy – Targeted Supplementary Feeding
EPRDF	Ethiopian People’s Revolutionary Democratic Front
FDA	Food Distribution Agent
FDP	Food Delivery/Distribution Point
FMIP	Food Management Improvement Project
GoE	Government of Ethiopia
JEOP	Joint Emergency Operation Plan
JRIS	Joint Review and Implementation Support
KAC	Kebele Appeals Committee (PSNP)
MOARD	Ministry of Agriculture and Rural Development
MOH	Ministry of Health
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PASS	Payroll and Attendance Sheet System (PSNP)
PBS	Protection of Basic Services
PDMS	Post-Distribution Monitoring Surveys
PSCAP	Public Sector Capacity Building Programme
PSNP	Productive Safety Nets Programme
SFP	Supplementary Feeding Programme
SNNPR	Southern Nations, Nationalities’ and People’s Region
TPLF	Tigrayan People’s Liberation Front
WFP	World Food Programme
WOFED	Woreda Finance and Economic Development offices

# Executive Summary

## Development and aid in Ethiopia

Ethiopia has made impressive development progress in recent years. Since 2000, Ethiopia has recorded the second fastest improvement in human development in the world (UNDP Human Development Report). Economic growth has accelerated on a sustained basis from around 2003, despite the global economic crisis.

Significant progress is being made towards the Millennium Development Goals, with Ethiopia on track to meet Goal 1 (eradicate extreme poverty and hunger), Goal 2 (achieve universal primary education), Goal 6 (combat HIV/AIDS, malaria and other diseases) and Goal 8 (develop a global partnership for development). Good progress is also being made towards Goal 4 (reduce child mortality) and Goal 7 (ensure environmental sustainability).

External aid has played a significant role in helping to deliver this development progress and growth, saving lives and improving livelihoods. These achievements are an important measure by which donors assess the overall effectiveness of their support to Ethiopia.

## Allegations of distortion in donor-supported development programmes

In January 2010, in response to allegations that some donor-supported programmes in Ethiopia were being used for political gain – with aid allocated according to political affiliation, rather than solely need – the Development Assistance Group (DAG) commissioned a study to assess the rigour of the programme systems and safeguards that are designed to ensure that aid is spent effectively.

The main allegations, reported by the Ethiopian opposition, international NGOs and the media, were that targeting of beneficiaries and recruitment of public service employees within a number of donor-supported programmes were being influenced by considerations of political affiliation; in short, that aid allocations were subject to political distortion.

The allegations referred to programmes including the Productive Safety Nets programme (PSNP), the Protection of Basic Services programme (PBS), the humanitarian Relief programme, and the combined Enhanced Outreach Strategy-Targeted Supplementary Feeding programme (EOS-TSF). Development Partners provide approximately \$1.5 bn per year through these programmes, delivering essential resources in support of Ethiopia's Government-led efforts to reduce poverty.

## The DAG study: Approach and findings

Development Partners have a clear responsibility to ensure that aid is spent effectively and reaches its intended beneficiaries – and will do all that is necessary in this regard. The DAG's approach has therefore been to examine the robustness of the systems and safeguards that are in place to prevent, detect and address distortion together with available data on how effectively aid is spent and who it reaches. Further work, which could include detailed fieldwork, will be considered as part of a potential second phase.

At the same time, given the importance of external aid in a resource scarce country like Ethiopia, the DAG was keen to make sure that programmes with a track record of development impact were not thrown off course without due cause.

The Government of Ethiopia shares the responsibility for ensuring aid spent through government programmes is spent effectively and reaches its intended beneficiaries and, moreover, has the lead responsibility to investigate specific allegations through appropriate administrative and legal channels where this is justified.

The study included a thorough review of the existing systems and safeguards for each programme, and consultation with development partners, civil society and the Government of Ethiopia. The study found that all four programmes have accountability systems in place that provide checks on distortion, including distortion for political gain, but that all four programmes should be further strengthened by giving more attention to transparency

(through the generation and dissemination of information), independent monitoring, and the incentives which drive performance.

The Government of Ethiopia has followed the progress of the DAG study with interest, and from the start has signalled its intent to work with Development Partners to act on any recommendations to improve the systems and safeguards in the programmes concerned, including investigating where appropriate. The DAG is now working with the Government to act on the recommendations for continued strengthening of safeguards, ultimately to maximise the developmental impact of all donor-supported programmes in Ethiopia.

### Accountability systems: A summary assessment

To deliver results, to drive improved performance and to minimise the risks of distortion, development programmes must be supported by effective accountability systems that enable those responsible for implementation to be held to account, both by those that provide funding and – most importantly – by the programme’s intended beneficiaries. Ideally, programmes will be supported by effective country systems, but in practice donor-supported development programmes often make use of a combination of a country’s own systems and a series of programme-specific safeguards. Whatever approach is taken, to be effective an accountability system needs to have the following features:

- **Rules, expectations and responsibilities:** There are clear rules and expectations about how the programme should work and what outcomes it should deliver, with responsibilities for delivery made explicit;
- **Information, awareness and rights:** Information is made available about how the programme should work, what outcomes it should deliver and who is responsible for delivery, with intended beneficiaries aware of what they have a right to expect;
- **Safeguards and monitoring processes:** Safeguards that prevent and detect distortion, and monitoring processes that generate reliable and timely evidence about how the programme works, what outcomes it delivers and the extent to which the various actors are meeting their responsibilities, are in place;
- **Processes and mechanisms for input and challenge:** Stakeholders are able to have an input into how the programme works and to challenge and hold to account those responsible for programme implementation and delivery;
- **Incentives:** Incentives are in place to drive behaviour and improve performance, both when programmes function as per design and when programmes are not functioning as expected.

In summary, our assessment suggests that PSNP and PBS are supported by relatively robust accountability systems. In the case of PBS – a programme that aims to support decentralised service-delivery, and whose programme-specific safeguards tend to focus on allocations to woredas – ensuring that systems at woreda and sub-woreda levels are effective and accountable is particularly important. The Relief programme and the EOS-TSF programme face important challenges in their accountability systems, in terms of safeguards and monitoring processes, and, especially for EOS-TSF, in terms of the existence of processes and mechanisms for input and challenge.

### Accountability systems – a summary assessment

	PSNP	PBS	Relief	EOS-TSF
Rules, expectations, responsibilities				
Information and awareness				
Safeguards and monitoring processes				

Processes & mechanisms for input and challenge	○	○	○	○
Incentives	○	○	○	○
Key:	Green = Good.	Yellow = Room for improvement.	Red = Significant weakness.	

The **Productive Safety Nets Programme** has a well-developed accountability system in place to prevent and detect distortion, including political distortion. The challenge is to ensure that – in the face of ongoing capacity and coordination constraints – sufficient priority is given to implementing the accountability system and its safeguards at a local level. There are clear **rules and guidelines** which set out how the programme should work, clear responsibilities for the different organisations involved, and explicit minimum performance standards. PSNP includes a strong commitment to transparency and the public disclosure of key programme **information**, although implementation of this commitment is variable. A number of measures have been adopted to improve awareness, including client cards and a beneficiaries’ charter of rights and responsibilities. PSNP has a wide range of **safeguards and monitoring processes** in place, including financial and physical reports, evaluations, audits and independent programme evaluation, alongside parliamentary oversight. However, there are questions about whether monitoring data is put to good use by those responsible for programme implementation.

In terms of processes and mechanisms for **input and challenge**, community-level participatory targeting and planning is central to PSNP, and an appeals process, roving audits and beneficiary perceptions surveys have been established. There have been some concerns about reporting and record-keeping in relation to the appeals process, although these concerns – concerns that would, if well-founded, raise questions about the robustness of this element of PSNP’s supporting accountability system – are being addressed. PSNP’s performance management system should, when it is fully and effectively implemented, provide **incentives** to encourage good performance and identify where capacity needs to be strengthened, although it has steered clear from introducing sanctions for poor performance in particular areas. In terms of individual allegations of political distortion, the GoE has made a commitment to investigate credible allegations on a case-by-case basis.

The **Protection of Basic Services** programme supports and builds on Ethiopia’s own systems for accountability, and in addition has a series of safeguards at its core that help to detect and prevent distortion. The challenge for PBS – a programme that depends on effective and accountable systems at a local level – is to ensure that its efforts to strengthen financial transparency and social accountability help to reduce the risk of political distortion at woreda and sub-woreda levels. In terms of **rules**, there are clear formulas, approved by parliament, for allocating resources to regions and woredas, with resources aligned with government priorities at sub-woreda level. As regards **information**, there is a strong commitment within PBS to financial transparency, but the implementation of that commitment by local authorities is variable, and there is a lack of public awareness about how local government and service delivery is supposed to function.

In terms of **safeguards and monitoring processes**, four sets of safeguards – the SAFE tests – are at the core of PBS, supported by Joint Review and Implementation Support (JRIS) Missions, audits, and Interim Financial Reports. There is a dedicated monitoring and evaluation component, with monitoring feeding into Ethiopia’s Plan for Accelerated and Sustained Development to End Poverty (PASDEP). As regards processes and mechanisms for **input and challenge**, PBS includes a strong commitment and specific component on social accountability. This aims to strengthen social accountability in a sustainable manner, building on existing government structures and systems for policy-making and participation. Progress with implementing this commitment has been slow. Finally, it is not clear what **incentives** are or might be applied to drive changes in behaviour and performance, although disbursements are conditional on satisfactory financial reports and donors can reduce their contributions if the SAFE tests are not met.

The **Relief programme**’s process for targeting is based on clear but complex **rules and guidelines**. However, there is a considerable need for more improvements both in terms of the overall assessment of need and the geographical allocation of resources. The introduction of two categories of need – “livelihoods” and “survival” – adds another dimension to the process. The Relief programme is well-known to the Ethiopian public, but there is a lack of clear **information** about how this programme and PSNP should work in places where they are both in operation, or – because of the unpredictability of Relief allocations – about people’s entitlements to Relief food.

**Safeguards and monitoring processes** have been established, including Post-Distribution Monitoring Surveys for World Food Programme (WFP) management purposes. However, with a lack of resources for monitoring, and in the absence of a regular programme of nutritional surveys, there are significant weaknesses in the Relief programme's system of accountability. In terms of processes and mechanisms for **input and challenge**, the Relief programme is largely top-down, although there is some community involvement in food distribution, local-level targeting and management. It is not clear what **incentives** might be applied to respond to good or bad performance and the Government's ability to deal with allegations of political distortion is untested, because there have been no specific allegations of political distortion substantiated through independent investigation. However, the Government has suspended payments to transporters on occasion, and donors can reduce funding, or switch their funding to other channels.

The **Enhanced Outreach Strategy – Targeted Supplementary Feeding programme** has clear **rules** about its operation, but the process that the rules are intended to govern is quite complex and requires close collaboration between ministries with responsibility for health and agriculture, and between WFP and UNICEF. The effectiveness of the programme as a whole is also heavily-dependent on the quality of the screening process, a process that is vulnerable to the impact of clan ties. In terms of information and awareness, EOS-TSF makes **information** available to participants in its screening process in a user-friendly manner, increasing potential beneficiaries' awareness of their rights.

As regards **safeguards and monitoring processes**, the screening process aims to ensure that only acutely malnourished children and women get access to supplementary feeding, but the screening process has faced a number of problems, including erroneous inclusion in 2008 and limited exclusion in 2009. Post screening coverage surveys have been established, but effective monitoring systems have not been established, in part as a result of insufficient investment. The EOS-TSF lacks **processes and mechanisms for input and challenge**, working in a largely top-down manner and with no formal appeals process. It is not clear what **incentives** are or might be applied in cases of good or bad performance, although WFP can and on occasion has reduced food supplies when it has not been possible to confirm screening data, and donors can reduce their funding.

### **Recommendations: Investing in accountability and building country systems**

Development Partners have a responsibility to ensure that the funds that they provide are spent effectively and are not subject to distortion. The development programmes to which Development Partners contribute must be supported by well-functioning accountability systems. This study has shown that each of the programmes is supported by accountability systems that provide some check on distortion, including political distortion. Nevertheless, there is room for improvement. Across the board, our analysis suggests that all four programmes should give more attention to the generation and dissemination of information, to independent monitoring, and to the incentives that are needed to drive improved performance. In terms of the four development programmes considered in this study, there are a number of specific areas for attention:

- **On PSNP**, there is a need to make available some clear analysis of whether targeting is effective, both in terms of which woredas are included and which kebeles within woredas are included. There is also a need to improve transparency and the public disclosure of programme information, particularly in relation to the appeals process, to ensure that the performance management system drives improvements in performance and adequately addresses cases of poor performance, and to implement the planned improvements to woreda-level monitoring through the establishment of Regional Information Centres and more frequent GoE-donor spot checks.
- **On PBS**, there is a need to ensure that the programme continues to strike the right balance between making use of the Government's own systems for accountability, and using additional safeguards and systems. In addition, while the safeguards have evolved to encompass service delivery and quality as well as resource allocations, the JRIS Missions themselves should ensure that a sectoral perspective informs their analysis so that resource spending at and below woreda level remains firmly in view. To further minimise the risk of political distortion at woreda and sub-woreda levels, there is also a need to increase the momentum on financial transparency and social accountability. In addition, serious

consideration should be given to re-instating a modified version of the component of the fairness test that was designed to identify distortion in allocations to woredas.

- **On the Relief programme**, there is a need for more monitoring, for the findings of such monitoring to be shared more widely, and for continued efforts to involve communities in the process of targeting. Monitoring needs to extend beyond the process of targeting and distribution to include monitoring of nutritional outcomes; in the absence of such monitoring it is very difficult to know how effective the programme is. There is also a need to open up the process of need assessment and resource allocation, enhancing transparency – including to intended beneficiaries – so that Development Partners and beneficiaries can have confidence that resources are allocated appropriately, according to need.
- **On EOS-TSF**, there is a need for more monitoring of the targeting and food distribution process and greater transparency about the findings of monitoring exercises. More attention must also be given to monitoring the impacts of the programme as a whole, and consideration given to the feasibility of establishing an appeals process. Finally, there is also a need to understand better the failings of the screening process and improve it – including through WFP’s “gatekeeper” approach. Given the central place that the screening process plays in assessing overall need, in influencing the allocation of resources to regions and woredas, and in determining which individuals are eligible to receive supplementary feeding, this is crucial.

The challenge for Development Partners – seeking to ensure that aid is effective in the short term and leads to sustainable reductions in poverty in the longer term – is to respond to donor country demands for accountability while working in ways that also enhance the accountability of partner country governments, through democratic processes, to partner country citizens. Beyond investing in programme-specific accountability systems, and working to strengthen the synergies amongst the various programmes, the appropriate response to this challenge is to invest in domestic accountability: making use of country systems; ensuring that the appropriate safeguards are in place; seeking to strengthen country systems where necessary; further investing in social accountability programmes; and, periodically reviewing how the systems and safeguards are working.

The current phase of work on aid, accountability and use of resources has identified a number of areas for improvement to the accountability systems of various donor-supported development programmes. It has also set out a useful framework for discussions amongst donors and with Government about how accountability systems might be strengthened. A second phase of work should build on this analysis, instituting a cross-programme process of lesson-learning about how the various programmes work in practice and about how the supporting accountability systems might be further strengthened. Detailed plans for a second phase of work are being discussed, but the intention is to extend the scope of the analysis to cover the Public Sector Capacity-building Programme (PSCAP) and the General Education Quality Improvement Programme (GEQIP). A second phase of work should – as far as possible – build on processes that are already in place to monitor and improve the ways in which the various programmes work. This will avoid putting further strains on programmes and ministries with already-limited capacities for effective implementation.

In pursuing this second phase of work, Development Partners should make clear that they are determined to see good progress on strengthening the accountability systems that support the programmes through which their funds are spent. If credible evidence were to come to light of widespread political distortion, or if progress on strengthening the systems and safeguards were to be slow, then Development Partners may need to review funding commitments. A determined stance on the part of donors is essential if they are to meet their responsibilities, both to taxpayers and electorates in their own countries, and to the people of Ethiopia.

Development Partners and the Government of Ethiopia will need to work together, closely and constructively, to ensure that donor-supported development programmes and their associated systems and safeguards contribute to strengthening Ethiopia’s own accountability systems. In part this is about Development Partners making use of Ethiopia’s country systems, where such systems provide sufficient guarantees that aid will be used effectively. But – given that accountability requires that individuals feel able to challenge and ask questions of those in charge of making decisions – it is also about enhancing the independence of Ethiopia’s own accountability systems so that citizens and citizens’ organisations are willing and able to demand accountability

To drive faster progress on development, accountability should be at the centre of Development Partners' engagement with Ethiopia, its Government and its people. In this way, addressing concerns about distortion should become part of a broader post-election dialogue about how Development Partners – providing aid in ways that promote the strengthening of domestic accountability – can work with the Government of Ethiopia to strengthen the capacity of the state to be increasingly accountable, legitimate and effective in the eyes of its citizens.

# 1. Introduction

## **Ethiopia in context**

1. Ethiopia lies at the heart of an unstable region that has experienced almost continuous conflict, poverty, humanitarian and other shocks in recent decades. Ethiopia and its neighbours – including Sudan, Eritrea and Somalia – are towards the bottom of the UN's Human Development Index. Ethiopia has remained largely peaceful and stable in recent years.
2. Historically, Ethiopia has come a long way. Comparatively stable, Ethiopia has a capable government that is demonstrably committed to addressing poverty and promoting development, with an impressive record of pro-poor spending, relatively sound financial management and sustained economic growth over recent years.
3. But Ethiopia is vulnerable. It is still one of the world's poorest countries, with a significant number of people who struggle to feed themselves throughout the year. It remains comparatively under-aided on a per capita basis. External shocks, including climate variability, fluctuating commodity prices, and the global economic crisis, threaten growth and stability.

## **Aid and development in Ethiopia**

4. Within this context, Ethiopia has made impressive development progress in recent years, albeit from a low base. Since 2000, Ethiopia has recorded the second fastest improvement in human development in the world (UNDP Human Development Report). Economic growth has accelerated on a sustained basis from around 2003, despite the global economic crisis and rises in global oil and food prices.
5. Significant progress is being made towards the Millennium Development Goals, with Ethiopia on track to meet Goal 1 (eradicate extreme poverty and hunger), Goal 2 (achieve universal primary education), Goal 6 (combat HIV/AIDS, malaria and other diseases) and Goal 8 (develop a global partnership for development). Good progress is also being made towards Goal 4 (reduce child mortality) and Goal 7 (ensure environmental sustainability). Despite having already achieved gender parity in primary schools, Ethiopia is likely to fall short on Goal 3 (promote gender equality and empower women) and Goal 5 (improve maternal health).
6. External aid – much of which is delivered in partnership with the government and using its systems – has played a significant part in helping to deliver this development progress and growth, saving lives and improving livelihoods. These achievements are an important measure by which donors assess the overall effectiveness of their support to Ethiopia.

## **Allegations of distortion**

7. As evidenced by the 2010 election result, one political party is dominant in Ethiopia. This single party dominance fuels questions about the extent to which the state and the ruling party are intertwined, the independence of existing accountability mechanisms and the narrowing of political and democratic space. Within this political environment, and where demand for resources far outstrips supply, it is inevitable that questions will be raised about how the state manages aid and other resources. Allegations that external aid to Ethiopia is used for political ends are not new. In recent months, in the run-up to elections in Ethiopia, a number of allegations have been made about the possible distortion, for political reasons, of donor-supported development programmes.

8. Distortion in this context refers to a situation in which the allocation of aid to geographical areas and households is driven by factors other than, or in addition to, need.<sup>1</sup> Political distortion refers to a situation in which aid is allocated in such a way as to benefit disproportionately one party and its supporters. At various points in time, it has been alleged, for instance, that particular areas of the country might be receiving disproportionate shares of aid for political reasons, that people have been excluded from particular programmes – including those providing food aid – on the basis of their political affiliation, or that those employed to deliver services funded by donor-supported programmes are hired on the basis of party membership.
9. The best way in which donors can support development and sustainable reductions in poverty is to deliver aid in ways that use and strengthen partner countries' systems.<sup>2</sup> In practice, donors tend to make use of a combination of a country's own systems and separate systems that are established to ensure the effective implementation of particular programmes. No matter what combination of country systems and programme systems is in place, Development Partners – accountable to their own parliaments and publics for their use of aid – must ensure that their aid is spent effectively, in the manner agreed, and is not subject to political distortion. Development Partners also have a responsibility to ensure that the programmes that they support – programmes that play an important role in delivering improved development outcomes for the Ethiopian people – are not thrown off-course by politically-motivated and inaccurate allegations.
10. The Government of Ethiopia has a responsibility to ensure that resources provided by Development Partners are used as agreed and that state resources are not used for party-political gain.<sup>3</sup> More broadly, the Government of Ethiopia (GoE) has a responsibility to demonstrate to donors, and more importantly to its citizens, that all resources, including aid, are used effectively to tackle poverty and are not subject to political distortion. By working with Development Partners to invest in domestic systems of accountability, the GoE can drive improvements in effectiveness, accelerate progress on poverty reduction and contribute to strengthening the legitimacy of the state.

#### **Aim, objectives, scope and methods**

11. In January 2010 the Development Assistance Group (DAG) of Development Partners decided to conduct an exploratory and desk-based study of a number of donor-supported development programmes, with a focus on the systems and safeguards that various programmes have in place to prevent, detect and address distortion. This report presents the findings. The study has been led by the UK's Department for International Development (DFID), in close collaboration with a number of other Development Partners. The Government of Ethiopia (GoE) has been supportive of the study, and has acknowledged its shared interest in enhancing the effectiveness of the programmes and strengthening their systems and safeguards. The GoE – while making clear that it views the allegations as politically-motivated – has also confirmed that it will investigate any allegations that are backed up by what it regards as credible evidence.

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<sup>1</sup> This is a short-hand. To put it more fully, distortion is when aid is allocated and spent in ways that are not in line with agreements reached between Development Partners and the Government. In most cases these agreements specify that aid should be spent on poverty reduction and sustainable development, and that this requires that aid be allocated according to need.

<sup>2</sup> OECD, 2010, [Making aid more effective through the strengthening and use of national systems](#)

<sup>3</sup> Federal Democratic Republic of Ethiopia, 2009, *A proclamation to provide for the electoral code of conduct for political parties*, Proclamation 662/2009.

12. Development Partners have a clear responsibility to ensure that aid is spent effectively and reaches its intended beneficiaries – and will do all that is necessary in this regard. The DAG’s approach has therefore been to examine the robustness of the systems and safeguards that are in place to prevent, detect and address distortion together with available data on how effectively aid is spent and who it reaches. Further work, which could include detailed fieldwork, will be considered as part of a potential second phase.
13. At the same time, given the importance of external aid in a resource scarce country like Ethiopia, the DAG was keen to make sure that programmes with a track record of development impact were not thrown off course without due cause.
14. The Government of Ethiopia shares the responsibility for ensuring aid spent through government programmes is spent effectively and reaches its intended beneficiaries and, moreover, has the lead responsibility to investigate specific allegations through appropriate administrative and legal channels where this is justified.
15. The overall aim of the study has been to contribute to enhancing the effectiveness of donor-supported development programmes by ensuring that these programmes have robust systems in place to prevent, detect and address distortion. The specific objective of the proposed study has been to provide a better evidence base about the systems and safeguards that a number of donor-supported development programmes have in place. A better evidence base is crucial, both for constructive donor engagement with the GoE, and to enable Development Partners to respond to questions raised by their parliaments, headquarters, the media and others. The programmes included in the study are the Productive Safety Nets Programme (PSNP), the Protection of Basic Services grant (PBS), the humanitarian Relief programme, and the Enhanced Outreach Strategy - Targeted Supplementary Feeding programme (EOS-TSF). Development Partners provide approximately \$1.5 bn per year through these programmes, delivering essential resources in support of Ethiopia’s Government-led efforts to reduce poverty and promote development.
16. The study has been given a specific focus, on the above programmes. It has not examined donor-supported programmes in the Ogaden areas of Somali Region as it was felt that the dynamics of aid distribution in that part of Ethiopia are unique. In addition, this study has not considered possible distortion in Government initiatives that donors do not fund, or in Business Process Re-engineering and associated training activities, some of which donors do support, for instance under the Public Sector Capacity Building Programme (PSCAP). Neither has it investigated specific allegations. To extend the scope of the study in these directions would, it was felt, have risked over-stepping our responsibilities and remit, and might have diluted the focus on the ways in which programmes assess need and allocate resources. Nevertheless, Development Partners are committed to ensure that none of the funds that they provide are subject to distortion. Early on in the study process, DFID invited other donor agencies to put forward people with appropriate skills and expertise to be involved. A meeting of those people and agencies was organised in January, with lead contributors then selected for each of the four programmes. Those lead contributors have worked with colleagues from their own and other agencies to produce short notes on the four programmes, with those notes feeding into chapters three to six of this report. To broaden the perspective beyond that of the agency leading on a particular note, inputs have been sought from a range of Development Partners and other stakeholders. The Government of Ethiopia has been informed about the exploratory study, and existing documentation about how the various programmes work, and are designed to work, has been reviewed.

### **Outline of report**

17. Chapter two of this report provides an overview of the concerns and allegations that have been raised about political distortion in donor-supported development programmes. The following chapters – taking each programme in turn – describe how the programmes are designed to work, what safeguards and accountability systems they have in place, and what the existing evidence says about how the systems and safeguards have been working. The concluding chapter brings together the preceding analysis, assessing the accountability systems that the various programmes have in place and making recommendations about how they might be improved so that they minimise the risk of political distortion, enhance the effectiveness of the programmes themselves, and also contribute to strengthening Ethiopia’s own accountability systems and the prospects for sustainable progress on poverty reduction.

## **2. A review of allegations about political distortion**

### **The challenge of credible evidence**

18. The objective of this study is to provide a better evidence base about the systems and safeguards that a number of donor-supported development programmes have in place to prevent, detect and address distortion. Donors have a clear responsibility to ensure that the programmes that they fund have effective safeguards in place to tackle distortion, including political distortion, but the formal responsibility and jurisdiction to investigate allegations lies with the Government of Ethiopia (GoE). This study focuses on the systems and safeguards that donor-supported programmes have in place. It is not an investigation. It does not seek to prove or disprove allegations of distortion. However it is important that the readers of this report have in front of them a broad picture of the various concerns and allegations that have been raised.
19. Providing readers with this picture in a way that does not give undue credence to allegations which may be poorly substantiated or politically-motivated is a challenge. Meeting the demands of the GoE that those concerned with political distortion, be they opposition parties or donors, should bring “credible evidence” to the table, represents a huge challenge. With reports suggesting that those who come forward to complain about political distortion may be at risk of punishment or detention, this might – even as the Government apparently encourages people to come forward with credible evidence – seem a key challenge. In addition, it is a challenge to ascertain whether a household that is excluded from a particular programme is excluded: (i) legitimately on the basis of the programme’s agreed rules; (ii) because those rules are not being followed; or (iii) because those rules are being distorted by specifically political considerations.
20. Based primarily on a series of discussions held with donor agencies and leaders of the major opposition parties, the remainder of this chapter: puts the current round of allegations in a wider historical perspective and describes the nature of the allegations, including the programmes and geographical areas they relate to. To reiterate, this brief review does not aim to endorse or refute the allegations. Rather, it paints a broad picture of the allegations that have been made to provide context for the analysis of the programmes’ systems and safeguards that follows, and to provide information about possible points of vulnerability to distortion in the various programmes.

### **History of allegations**

21. Allegations that aid intended for poverty reduction is distorted or diverted for political purposes are nothing new to Ethiopia. They were made under the reign of Emperor Haile Selassie, including at the time of the Wollo famine of 1973, with that regime’s perceived failure to deal with the famine contributing to the fall of the Emperor and the coming to power of the Derg. They were made in the famine of 1984/5 when on the one hand reports suggested that the Derg was preventing food aid from being provided to the opposition areas of Tigray, while on the other, reports suggested that aid was used by the then-rebel leaders for their own political ends. And they have reappeared regularly over the last 15 years, including in the election periods of 2000 and 2005. With famine, and Ethiopian rulers’ response to famine, having played an important role in the dynamics of Ethiopian politics for many years, it is inevitable that aid provided to address famine and food insecurity will be subject to allegations of political distortion.
22. In mid-2009 a number of Development Partners began to pick up allegations of political distortion. These allegations were given added impetus by information

conveyed by the Human Rights Watch to inform their recent report on political repression and a report on the politicisation of government services in Ethiopia due to be published in mid-2010. In November 2009, Gebru Asrat, spokesperson for the Forum for Democratic Dialogue and leader of Arena, a Tigrayan opposition party, claimed that members of the Forum and its parties were excluded from participation in the PSNP, with the result that desperate households were having to switch their political allegiance to the ruling EPRDF. Similar claims were reportedly made by Professor Beyene Petros, the chief of the United Ethiopian Democratic Forces and by Gizachew Shiferaw, Deputy Chairman of Unity for Democracy and Justice, although it is unclear whether they were referring to the same cases or other examples. These allegations were strongly refuted by Mitiku Kasa, State Minister for Disaster Risk Management and Food Security Sector, Bereket Simon, Government Head of Information, and Prime Minister Meles Zenawi. Beyond the Forum for Democratic Dialogue, leaders of other opposition parties have alleged – not that there is systemic and centrally-directed political distortion – but that there are signs of political distortion resulting from problems at woreda level.

### **What sorts of allegations have been made?**

23. Prior to conducting this brief review, some members of the DAG had been aware of allegations of political distortion in a number of regions. The US Embassy, for instance, had received repeated allegations of aid distortion relating to food aid and access to services from sources throughout Ethiopia, with the greatest number of allegations concerning Oromia, Amhara, Tigray, Somali and SNNPR (see box 1). In conducting this review, specific allegations were also heard about opposition-supporting households being excluded from PSNP in Western Oromia (Ambo, East and West Wollega), Southern Oromia (Gudje), SNNPR (Hadiya, specifically Angecha woredas), Amhara, Somali, and Tigray (including Mekelle and Tembien). With the exception of Tigray, these are all areas where support for opposition parties has tended to be strong.

#### **Box 1: USAID's fact-finding mission to SNNPR<sup>4</sup>**

In December 2009, as part of its regular food aid monitoring program, USAID carried out a fact finding mission looking into the allegations of political distortion in SNNPR in relation to the Relief programme and PSNP. Visits were made to seven woredas that had historically seen high levels of support for opposition parties. The study found no conclusive evidence of political discrimination in the provision of food aid at woreda, kebele or community level. It did however note that there is the potential for political bias in the allocation of aid to woredas from regions, and perhaps from the federal level to the regions. In addition it recommended further analysis to determine if systematic distortion takes place at a federal or regional level on the basis of political affiliation.

24. Allegations of distortion in relation to PSNP relate to two stages of its targeting process: the allocation of resources to woredas; and, the process of deciding which households should be included in the programme. There is some concern particularly on the part of opposition political parties – that the allocation of resources to woredas is skewed by political considerations. For instance, it has been alleged that Tigray and Wollo (in the Amhara region) receive disproportionate shares of resources, and that within Oromia PSNP resources go only to the south, with Wollega excluded. The majority of allegations however relate to the suggestion that people and households who support opposition parties are excluded from participation in PSNP's public works component.

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<sup>4</sup> USAID, January 2010, 'Probing allegations of misuse of food assistance'

25. A number of allegations have been made in relation to PBS and the delivery of basic services that PBS supports. There are three main sets of allegations. First, that members of the EPRDF are favoured in the hiring and promotion of teachers and agricultural extension service development agents, and as regards gaining access to university courses. Second, that teachers and agricultural extension workers are often required – and paid – to attend training events that include political indoctrination. And third, that agricultural extension workers distribute fertiliser on the basis of political affiliation. Additional allegations have been made about political bias in the location of health facilities and infrastructure, with further questions raised about possible leakage of funds when woredas use PBS funds to procure centrally goods and services that are not available locally.
26. As regards the Relief programme, there are unsubstantiated allegations that food aid is targeted to party members and withheld from the opposition, that the identification of woredas in need and household beneficiaries is distorted by political considerations, and that the assessment of overall need, and categories of need, is shaped by political considerations. As regards EOS-TSF, the evidence suggests that targeting might be influenced as a result of community and clan ties in Afar, Somali and SNNPR, and that in some instances effective screening may not take place, but there have been few if any allegations about specifically political distortion.
27. With many of the allegations made by the leaders of opposition parties, and firm evidence of political distortion hard to come by, the Government of Ethiopia has dismissed the allegations as politically-motivated. It should also be noted that the leaders of opposition parties that we met with were – with one or two exceptions – unable to provide us with detailed information about specific allegations. Development Partners however, have an obligation to take seriously allegations of political distortion, in order to meet their responsibilities to their taxpayers and to the people of Ethiopia. Dismissing the allegations as politically-motivated would not be credible, and – in an environment where those who seek to bring forward their complaints may fear to be at risk of detention and punishment – inferring from an absence of evidence that there is no political distortion would be disingenuous.
28. The following chapters analyse each programme and its safeguards in turn, in order to inform efforts to strengthen the systems and safeguards, so as to ensure that aid is spent as effectively as possible and is not subject to distortion, including political distortion.

### **3. The Productive Safety Nets Programme (PSNP)**

#### **What is the Productive Safety Nets Programme (PSNP)?**

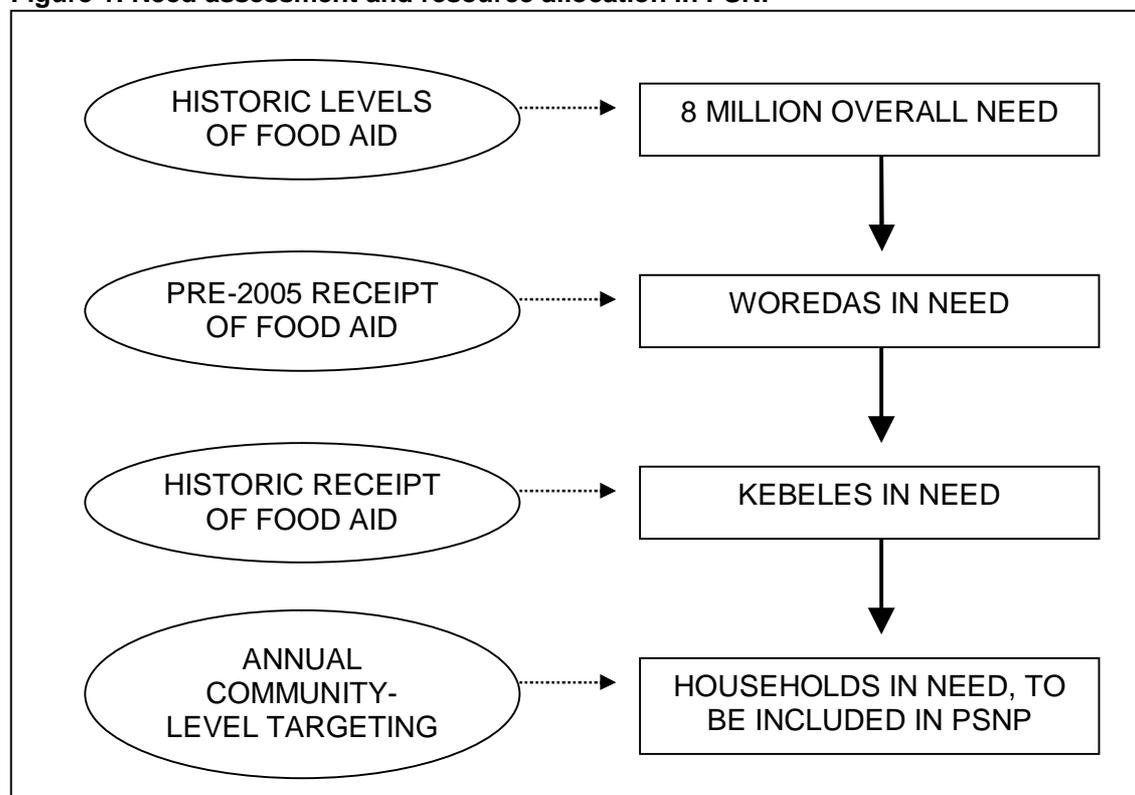
29. The aim of the PSNP is to address food insecurity by smoothing consumption patterns and preventing asset depletion for food insecure households in chronically food insecure woredas. PSNP is designed to do this by providing appropriate, timely and predictable transfers of food or cash to food insecure households, either through direct transfers or a public works (food or cash, for work) component. As a Government programme, implemented largely through government systems, the PSNP also aims to strengthen Government implementation capacity and accountability.
30. The PSNP was launched in 2005 in response to the failure of short-term emergency relief to address the underlying causes of food insecurity in Ethiopia. It is one of the largest social protection programmes in Sub-Saharan Africa, covering 7.82 million rural citizens in 300 woredas in Afar, Amhara, Dire Dawa, Harare, Oromia, Somali, SNNPR and Tigray in 2010. The PSNP annual budget is roughly US\$347 million, of which 87% funds transfers to beneficiaries. The PSNP is financed by the Canadian International Development Agency (CIDA), DFID, the EC, Irish Aid, the Netherlands Embassy, Sweden's Sida, USAID, the World Bank and the World Food Programme (WFP), with the USAID, the World Bank and DFID together providing more than two-thirds of the funding.

#### **How is the PSNP designed to work and what are its vulnerabilities to distortion?**

31. The PSNP is based on a distinction between chronic and transitory food insecurity. Since 2006, PSNP has had an agreed beneficiary figure – the number of households deemed to be chronically food insecure – of around 8 million. This figure is based on the average number of people requiring food aid in the five years prior to the launch of PSNP. In the second stage of the targeting process, woredas that had received food aid for three consecutive years prior to 2005 were designated as chronically food insecure and therefore eligible for PSNP. The third stage of the process sees woreda administrators select the kebeles to include in the PSNP, again based on the historic receipt of food aid. In the fourth stage, the poorest and most vulnerable households within those areas are selected through an annual community-based targeting process, using a set of objective criteria outlined in the Programme Implementation Manual (see Figure 1). Whereas the households included in PSNP can vary year-on-year, the kebeles and woredas included, and the total agreed beneficiary figure, have remained relatively fixed.
32. At the federal level, the Ministry of Agriculture and Rural Development (MOARD) is responsible for the management and coordination of the PSNP with overall coordination vested in the Disaster Risk Management and Food Security Sector (DRMFSS). The Ministry of Finance and Economic Development (MOFED) is responsible for financial management and reporting, and channels resources to Regions. The Food Security Coordination Directorate ensures the timely transfer of resources to beneficiaries, while the Early Warning and Response Directorate is responsible for the early warning system that informs the PSNP risk financing mechanism, and for the transport and monitoring of grain. The Natural Resource Management Directorate, through its Public Works Coordination Unit, provides technical coordination and oversight of PSNP public works.
33. These responsibilities are replicated at regional and woreda levels, with regions responsible for programme implementation and woredas carrying out activities. Programme planning is decentralized, carried out first at community level, then

consolidated by woredas and approved first by regions and then the federal level. Based on these plans, resources are allocated from federal to regional and then woreda-level, where payments are made to clients.

**Figure 1: Need assessment and resource allocation in PSNP**



34. The allocation of PSNP cash and food resources to households is potentially vulnerable to distortion at a number of stages in the process. Distortion could potentially take the following forms: the assessment of overall need or the assessment of need at woreda and kebele level being based on criteria other than levels of food insecurity; deliberate delays in the execution of transfers and/or reductions in the value of transfers; the manipulation at a regional level of the mix of cash or food that woredas receive; the selection of participating households being based on criteria other than those stated in the Programme Implementation Manual; the sale of food resources rather than their distribution to targeted households; the request of payments for food transfers; the dilution of resources across households; payments being made to households without their requisite participation in public works; decisions about public works being shaped by individuals' interests rather than that of the community as a whole; and, the use of administrative and management budgets being used in ways that do not support the effective implementation of the PSNP.

**What safeguards does the PSNP have in place to tackle distortion?**

35. The Government and Development Partners supporting the PSNP have agreed to a comprehensive system of safeguards that are designed to promote transparency, participation and accountability throughout the programme cycle. At the planning phase of the programme cycle, appeals and plan approval processes that extend to higher administrative levels complement both the community-level participatory targeting and verification processes, and the annual participatory public works planning processes. At the resource transfer stage of the cycle, MOFED financial management and MOARD food management controls are in place. In terms of public

works and payments, a series of safeguards including a computerized Payroll and Attendance Sheet System (PASS), reviews of Public Works, Rapid Response Team visits, and internal controls have been established. And at the monitoring phase of the programme cycle there is a portfolio of safeguards including financial reports, physical reports, evaluations, and audits and roving audits, alongside the six-monthly GoE-donor JRIS process.

36. Beyond the programme cycle and its safeguards, the GoE is committed to enhancing the overall transparency of the PSNP. This includes the public disclosure of key programme information. For instance, the annual woreda-by-woreda resource allocation plan for the PSNP is posted on the MOFED website. However, while there is broad agreement that key programme information will also be disclosed at local levels, implementation has been variable with budgets, plans, beneficiary lists, and lists of appeals and appeal resolutions posted in some but not all woredas. Steps have also been taken to ensure widespread understanding of programme objectives, processes and procedures, including the targeting and appeals systems, with a charter of beneficiary rights and responsibilities and client cards two important recent innovations. Beyond the PSNP itself, there are a number of checks and balances in the wider system of governance, including the Regional Auditor General or investigative function in the Early Warning and Response Directorate (for food resources), and the scrutiny function provided by the parliamentary Standing Committees on Rural Development, Pastoral Areas and Public Accounts.
37. The Government has established a single monitoring and evaluation system for the broader Food Security Programme of which PSNP is part. This system is designed to assess progress towards outcomes, in a manner that takes account of the limited capacity of government systems for data collection. This system enables the assessment of progress towards the overall goal of reducing food insecurity in rural areas. The programme monitoring and evaluation system provides a continuous overview of progress in implementation, with complementary financial management reports delivering detailed information on programme expenditure against planned disbursement. Performance standards that have been set for the timeliness of transfers and the quality of public works projects provide the basis for a performance management system that is designed to reward good performance and identify areas where there is a need to strengthen capacity in order to improve performance. In addition, the independent programme impact evaluation consists of both a survey of over 3,000 households (both PSNP and non-PSNP) and a sample of watersheds to assess the impact of the PSNP public works. The financial audit system verifies that resources are used for the purpose intended, while roving audits provide an ongoing review of the effectiveness of the appeals and procurement processes, and disseminate best practices across kebeles and woredas.
38. If a household has grievances about the targeting process or the delivery of transfers, it is expected to make use of the Appeals System. A household lodges a complaint with the Kebele Appeals Committee (KAC), which is mandated to deliver a decision on the grievance within a short period of time. If the grievance is found to be valid, the individual or household is included in the PSNP through the use of contingency budget resources. If the individual or household does not agree with the findings of the KAC, the grievance can be raised to the woreda council. Subject to the findings from the grievance process, the individual/household may be readmitted into the Programme. The appeals system is subject to an annual audit that reviews both the appeals process and households' experience of and satisfaction with the appeals system.

### **What does the evidence say about how the PSNP and its safeguards work?**

39. Evaluations and studies show that the PSNP is having a positive impact on livelihoods and community assets, even in times of crisis.<sup>5</sup> However, they also highlight that the impact of the PSNP is much more significant when households receive predictable and timely support from the programme, and point out that there is significant variation in programme implementation amongst regions and woredas, with the timeliness of transfers to beneficiaries and the quality of roads and water projects provided through the PSNP of particular concern. The major challenge faced by the PSNP is that the total resources available are fixed, which means that some needy households and woredas may have to be excluded. Additional challenges include the fact that the programme involves multiple departments and Ministries and is implemented through a decentralized administrative and political structure which – despite some improvements – still suffers from coordination and capacity constraints. In recent months, for instance, capacity constraints have contributed to some financial management problems on the Government side, although – in the face of slow progress in addressing them – a joint Government-Development Partner Financial Management Task Force has now been established so that such issues can be addressed quickly and constructively.
40. In terms of the PSNP's systems and safeguards, there is strong evidence that the community-based targeting system is fair and transparent, with allocations made on the basis of need.<sup>6</sup> The evidence suggests firmly that there is no relationship between family or political connections and participation in the PSNP and that citizen perceptions of households being targeted for the PSNP on the basis of religious or ethnic affiliation or patronage are negligible.<sup>7</sup> The fact that three of the four stages of targeting process are based on historical patterns of food aid (see Figure 1) might lead to questions about whether the effectiveness of PSNP is hindered by "spatial inertia"<sup>8</sup>, but emerging evidence suggests that PSNP is well targeted nationally. Overall, a number of studies show that PSNP is well targeted to the poorest households, which have significantly lower incomes, fewer assets, and farm less land than non-beneficiaries. There are, however, reports of exclusion in some PSNP woredas, which is perhaps unsurprising given the extent of rural poverty and programme budget constraints
41. Studies confirm high levels of community involvement in the process of planning and selecting public works.<sup>9</sup> Public works are widely perceived to be beneficial, both for the community and for individual households. Overall satisfaction with the Programme is high, with those who understand how it is supposed to work reporting the highest levels of satisfaction.<sup>10</sup> The Roving Appeals Audit found that the appeals system functions largely as intended, although the quality of reporting and record keeping can vary. The financial reports and audits confirm that the vast majority of programme resources have been spent in line with agreed guidelines and for the intended purpose. In the few cases where this was not the case, the Government has taken action to correct the misallocation of resources.

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<sup>5</sup> IFPRI/CSA, 2009, *Ethiopia Food Security Program: Report on the 2008 Survey*; IFPRI/CSA, 2009, *Ethiopia Productive Safety Net Program Impact Assessment*; Devereux S. et al., 2008, *Ethiopia's Productive Safety Net Program: 2008 Assessment Report*.

<sup>6</sup> Urban Institute and Birhan Research and Development Consultancy, 2008, *The Ethiopia Productive Safety Net Program, In the Financial Transparency and Accountability Perception Survey*; Devereux S. et al., 2008, *Ethiopia's Productive Safety Net Program: 2008 Assessment Report*.

<sup>7</sup> IFPRI/CSA, 2009, *Ethiopia Food Security Program: Report on the 2008 Survey*.

<sup>8</sup> See Jayne, T. et. al., 2000, [Targeting of food aid in rural Ethiopia: Chronic need or inertia?](#), MSU International Development Paper - a paper that asks this question of earlier food aid programmes.

<sup>9</sup> IFPRI/CSA. 2009, *Ethiopia Food Security Program: Report on the 2008 Survey*.

<sup>10</sup> Urban Institute and Birhan Research and Development Consultancy, 2008, *The Ethiopia Productive Safety Net Program, In the Financial Transparency and Accountability Perception Survey*.

42. The design of accountability mechanisms for the targeting and appeals of the PSNP appears to be relatively sound, although survey work in 2008 raised the issue of accuracy of payments in some woredas. As a result, close follow-up was initiated by Government and Development Partners, firstly through an internal audit by MOFED and then through a joint field review. Both of these exercises suggested that the problem was not significant and that clients' understanding of their entitlements under the Programme may have been a significant factor in the original survey findings. Nevertheless, actions are being taken to tighten the control of payments.

#### **What more can be done to prevent distortion in the PSNP?**

43. A number of steps have been taken to strengthen and expand the safeguards in the programme since 2005. These include: (i) extending the audit function to account for food resources through a Commodity Audit, (ii) strengthening the financial audit in the area of reconciliation of the payroll with household level data, including a review of the PASS to provide a further check on the accuracy of payments to households, (iii) introducing client cards and a beneficiaries' charter of rights and responsibilities; and (iv) making the use of the Payroll Attendance Sheet and System mandatory. In addition, the recently-established performance management system should help to drive improved performance, and the establishment of Regional Information Centres and more frequent joint GoE-donor spot-checks should enhance monitoring of PSNP at woreda level. These steps are expected to further improve the transparency and accountability of the programme to all stakeholders – particularly with regards to fiduciary controls concerning the payment process and the overall accountability of food resources – and to further enhance its effectiveness.

44. There is a clear need to strengthen the capacity of institutions so that they can effectively implement PSNP and its safeguards. With clear limitations in terms of capacity, isolated cases of distortion, including political distortion, may occur. In a recent Joint Review Mission, the Government confirmed that it is taking, and will continue to take, any documented and credible allegations seriously and will investigate these issues on a case-by-case basis, through existing programme committees at all levels.<sup>11</sup> Specifically, the Government has initiated investigations into the allegations made by the Forum for Democratic Dialogue (specifically Arena) that households in Tigray were denied access to the PSNP because they were not members of the ruling party. We are not aware of the status of these investigations. Both Government and Development Partners will continue to devote significant attention to further strengthening existing safeguards and operationalizing those that were agreed for 2010 onwards.

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<sup>11</sup> PSNP JRIS Mission, December 2009, *Aide Memoire*.

## 4. The Protection of Basic Services programme (PBS)

### What is the Protection of Basic Services programme (PBS)?

45. The Protection of Basic Services programme (PBS) is designed to contribute to expanding access and improving the quality of basic services in education, health, agriculture, water supply and sanitation, and rural roads, while continuing to deepen transparency and accountability in service delivery by local authorities.<sup>12</sup> PBS is a Government programme. It makes use of and is reliant on government systems and explicitly aims to strengthen those systems at the same time as enhancing service delivery.
46. PBS has four components. First, and accounting for 90% of PBS programme funds, the provision of grants to woredas to support the delivery of basic services. Second, a facility to support progress on the health MDGs. Third and fourth, two components that – in focussing on transparency and accountability, and monitoring, respectively – aim to strengthen the safeguards and systems needed to enhance the effectiveness of resource use and service delivery, in part by enhancing the voice of citizens and promoting the responsiveness and accountability of local government.
47. In 2005, Development Partners suspended their use of Direct Budget Support as a result of concerns about governance arising from the elections of that year. PBS was designed to protect and build on the progress delivered on poverty reduction and service delivery under Direct Budget Support and to work alongside the Government's programme of fiscal and administrative decentralisation. The first phase of PBS ran from 2006 to 2008, with a second phase – with a new set of safeguards at its core – starting in May 2009 and due to run until 2011.
48. With the exception of Addis Ababa which does not receive block grants as it has its own substantial revenue base, PBS covers the whole country. The total cost of PBS is US\$3,364 million, of which US\$2,086 million – or 62% – is provided by the Government of Ethiopia. The lead PBS donors are the World Bank, DFID, the African Development Bank, the EC, CIDA, Germany's KfW, Spain and Ireland. Through their support for PBS they finance – amongst other things, including essential health commodities – the salaries and wages of approximately 95,000 teachers, 30,000 development agents, and 11,000 health workers (38% of Ethiopia's teachers, development agents and health workers).

### How is PBS designed to work and what are its vulnerabilities to distortion?

49. In contrast to the other programmes included in this study, PBS does not in itself make any assessment of need. Rather it provides the Federal Government with funds to be transferred to sub-national governments in the form of block grants. These funds support efforts to meet the needs identified in Ethiopia's national Plan for Accelerated and Sustained Development to End Poverty (PASDEP)<sup>13</sup>, and in the service delivery priorities identified at woreda levels. Block grants are allocated across regions and woredas in accordance with formulas that are approved by parliament (see Figure 2).
50. Implementation arrangements for PBS support and build on existing decentralised Government structures. At the federal level MOFED is responsible for PBS as a whole. At the regional level, Bureaus of Finance and Economic Development (BOFEDs) are

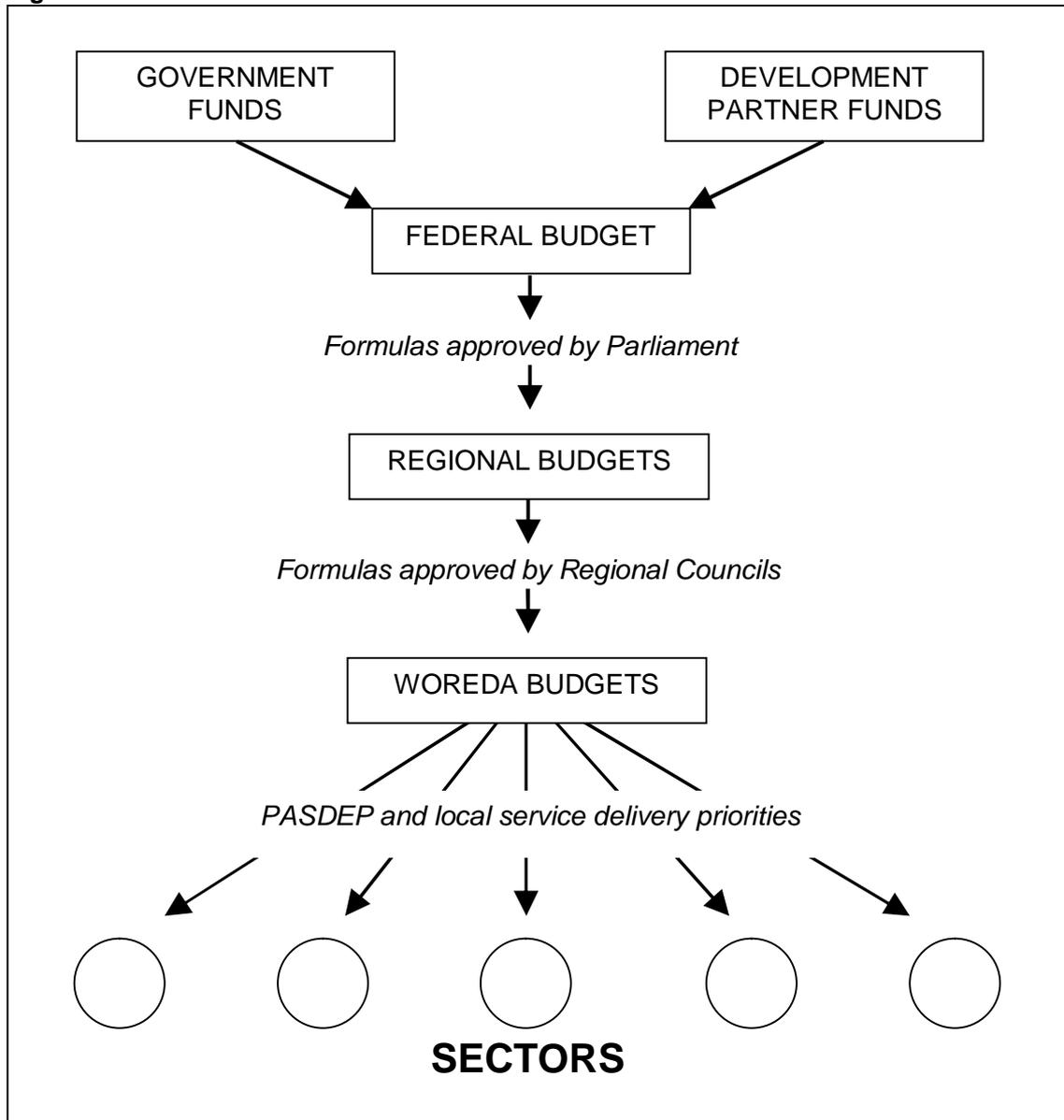
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<sup>12</sup> World Bank, 2009, *Ethiopia Protection of Basic Services Programme Phase II Project. Project Appraisal Document*.

<sup>13</sup> MOFED, 2006, *A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) 2005/06-2009/10. Volume I and II*.

responsible for coordinating project implementation. At the local level, where most basic services are delivered, the Woreda Finance and Economic Development Offices (WOFEDs) and Urban Administration Offices of Finance are responsible for managing and coordinating the day-to-day implementation of activities.

**Figure 2: The allocation of resources in PBS**



51. The key line ministries and agencies are the Ministries of Education; Health; Agriculture and Rural Development; Works and Urban Development (which includes roads); Water Resources; the Central Statistics Agency; the Office of the Federal Auditor General and, the Public Procurement and Property Administration Agency. Regional and woreda-level representatives of these line agencies are also directly responsible for supporting local-level basic service provision. Councils at regional, woreda and kebele levels are responsible for reviewing and approving annual development plans and budgets, reviewing progress on budget execution and related service delivery, facilitating information sharing, and enabling citizen engagement in the management of services. MOFED's Expenditure Management and Control Programme – supported by donors through PSCAP and PBS – plays the central role

as regards strengthening public financial management and financial transparency and accountability.

52. There are a number of forms that distortion could take in PBS, most of which relate to the primary component of the programme, the transfer of resources and their use at the woreda level. The first form of distortion would involve the distribution of grants from the federal level being influenced by the political affiliation of regions or woredas – either to reward supportive areas or to encourage unsupportive areas to change their political allegiance. A second form of distortion would be if some woredas failed to receive goods – bed-nets and equipment for health posts for instance – that they had sought to procure at the central level, because of political considerations. A third form would be if individuals with a particular political affiliation were given preferential access to employment and promotion as teachers, health-workers, or agricultural extension workers funded by PBS. A fourth would be the mis-use of PBS funds to pay for political training and education. And a fifth would be if access to the basic goods and services that PBS supports directly or indirectly – for instance, access to fertilizer – were dependent on citizens’ political affiliation.
53. It is at sub-woreda level that PBS is most vulnerable to distortion. The PBS block grants, of which more than 60% are Government funds, support processes of decentralisation in which woreda authorities are given the power to decide how to use the funds that they receive. Decentralised service delivery and the associated decentralisation of decision-making authority – the process that PBS supports – mean that the effectiveness of PBS is shaped in large part by decisions made at woreda and sub-woreda level. This highlights a challenge that Development Partners face across all of their programmes; ensuring that while ownership is respected and efforts are made to support the strengthening of government systems – including decentralised government systems – sufficient safeguards are in place to guarantee that the funds that donors provide are used effectively and efficiently for the purposes agreed, and are not subject to political distortion.

#### **What safeguards does PBS have in place to tackle distortion?**

54. PBS is built around a set of shared commitments entered into by Government and Development Partners, adherence to which is regularly assessed through twice-yearly Joint Review and Implementation Support (JRIS) missions. At the core of the review processes are the following four SAFE tests:
- **Sustainability in Additionality** (“S”) assesses the commitment of the Government to increasing access to basic services. To pass this test, the Federal Block Grant which PBS contributes to must constitute a steady or increasing proportion of total federal expenditure.
  - **Accountability and Fairness** (“A”) assesses: the extent to which user-friendly information about budgets and service delivery is made available to the public; adherence to fiscal formulas for allocating block grants to sub-national levels; and, the implementation of agreed commitments under the transparency and accountability component of PBS.
  - **Fiduciary Standards** (“F”) examines the transfer and use of grant proceeds, tracks the implementation of actions agreed to strengthen public financial management, assesses the timeliness and quality of fiscal, financial and fiduciary reporting, monitors the implementation of Continuous Audits and their integration at woreda, regional and federal levels; and reviews progress on strengthening sub-national procurement systems.

- **Effectiveness** (“E”) assesses and seeks to strengthen coherence between sector programmes and the decentralized service delivery structure that PBS supports, through monitoring, evaluation and dialogue as part of the regular PBS reviews.
55. Regular (6 monthly) supervision missions (entitled Joint Reviews and Implementation Support – JRIS) evaluate progress towards these shared SAFE commitments. JRIS reviews improve understanding about the status of basic service provision, budgeting, expenditure and financial management. Reports produced by the various levels of government are triangulated with field/supervision missions, with those missions also verifying that decisions about local investments supported by PBS are made appropriately and with citizens’ participation. MOFED presents a report during each review on the progress made and funds spent in relation to each component of PBS. In addition, a comprehensive supervision strategy and quality assurance process has been continued and enhanced for the latest phase of PBS.
  56. Efforts to enhance financial transparency and social accountability are an important element of PBS and its safeguards. These components are intended to help to strengthen accountability systems at the level of woredas and below, the point at which PBS funds are most vulnerable to distortion. On financial transparency, a series of tools, guidelines and directives have been developed and disseminated across the country. Information about budgets and service delivery is now made available to the public and efforts are being made to enable citizens to use such information to hold the Government and service-providers to account. On social accountability, a series of pilot projects have been completed and – although progress has been somewhat delayed – an evaluation is underway in order to inform the design of the social accountability element of the second phase of PBS. The intention is to bring the financial transparency and social accountability components more closely together
  57. With monitoring and evaluation as a further specific component of PBS, the importance placed by Development Partners and Government on accountability and learning to enhance effectiveness is clear. The PBS results monitoring framework provides a focal point for assessing progress, performance and outcomes. Indicators are designed to be consistent with those in PASDEP and the relevant national sector development plans, and with the woreda-level indicators that are tracked at local levels. During each review, the progress made towards the goals set in the 3-year results framework is assessed. In the current phase of PBS, results monitoring feeds into the Annual Progress Review process, a key element of the overall PASDEP monitoring and evaluation system, in order to produce a more complete picture of progress and challenges.<sup>14</sup>
  58. At the level of service users – the intended beneficiaries of PBS – a Financial Transparency and Accountability Perception Survey was completed in 2009 to collect information about: (i) citizens’ understanding of the budget process, engagement and consultation; (ii) citizens’ perception of the coverage, quality and efficiency of core services; (iii) citizens’ perceptions of the responsiveness of local government; and (iv) citizens’ perceptions of local Government professionalism.<sup>15</sup> The data collected provides a baseline for future surveys including the planned third round of the Woreda City Benchmarking Survey.

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<sup>14</sup> MOFED, 2007, *Annual Progress Report 2006/07: A Plan for Accelerated and Sustained Development to End Poverty*.

<sup>15</sup> Federal Democratic Republic of Ethiopia, 2009, *Financial Transparency and Accountability Perception Survey*.

59. PBS is audited on a continuous, quarterly basis to ensure compliance with fiduciary and procedural agreements. In addition, the programme is subject to an annual independent financial audit conducted on behalf of the Auditor General. Audits conducted by the Office of the Federal Auditor General and Office of the Regional Auditors General, and quarterly Interim Financial Reports, cross-check the financial data received during the bi-annual review. Funds are only disbursed by Development Partners if these reports are satisfactory. If PBS Reviews and the SAFE tests reveal problems with PBS, donors may make individual or collective decisions to reduce the level of funding that they contribute towards the federal block grant to woredas, although this has never happened. At the woreda level the elected council has the responsibility to report any exclusion or distortion in the access to and delivery of basic services.

**What does the evidence say about how PBS and its safeguards work?**

60. PBS has played an important role in supporting progress towards the goals set out in PASDEP. PBS, as the major aid instrument to Ethiopia – complemented by sector programmes in the areas of health, education, and water and sanitation – has made a major contribution to enhancing the delivery of basic services through decentralised structures. The major challenge faced by PBS has been capacity constraints – including in MOFED – that have caused delays in procurement to support the health, public financial management, financial transparency and monitoring and evaluation components of the programme. In addition, there have been concerns that faltering macro-economic performance and the introduction of the Charities and Societies Proclamation might both limit the effectiveness of PBS, including in particular its social accountability component, though civil society organisations working on this component are explicitly excluded from the Proclamation's provisions.

61. In the December 2009 JRIS, the overall assessment was that there had been satisfactory progress on all of the four SAFE principles. However, while the JRIS noted that there are areas of very strong effort and progress, it also identified challenging areas where more effort is needed. On Sustainability in Additionality the test was met – as it has been in all previous JRIS assessments. On Accountability and Fairness, the JRIS noted that recent actions have helped to strengthen local level transparency and accountability, and that the fairness test had been met for allocations from the federal to the regional level, and from the regional to the woreda level. Some concerns were raised about the failure of SNNPR to provide timely and accurate data needed to complete the fairness test, but this is now being addressed.

62. On Fiduciary Standards, the JRIS assessment was that progress was marginally satisfactory, with some progress on capacity building and external audit – particularly as regards the capacity and coordination of the Office of the Federal Auditor General and the Office of the Regional Auditors General – but with challenges remaining in relation to procurement and strengthening the capacity of Public Financial Management institutions. An ongoing Country Integrated Fiduciary Assessment (CIFA), including a Public Expenditure and Financial Accountability (PEFA) assessment, will provide useful guidance about how Ethiopia's systems for Public Financial Management can be further strengthened.

63. On Effectiveness, the JRIS Mission separated its assessment into effectiveness of basic service delivery and effectiveness of programme implementation. The progress and status of basic service delivery was assessed as satisfactory, with dialogue between MOFED and sectoral line ministries enhanced, sectoral reviews now containing budget information, and improvements made to the capacity of key agencies to conduct monitoring and evaluation. However, with woredas having little discretionary spending, it is difficult for them to make meaningful plans to improve

basic service delivery. On the effectiveness of PBS implementation, the JRIS Mission noted a number of serious challenges, relating to staffing at federal and regional levels, and financial reporting and procurement.

64. The Continuous Audit and annual audit processes report that the financial system – upon which much of the data to assess the SAFE principles is based – functions largely as intended. The financial reports and audits confirm that the vast majority of program resources have been spent in line with sub-national government development plans. Previous JRIS Missions had picked up a number of issues including: decreasing proportions of funds being spent on basic service delivery, particularly at woreda levels; a shift in basic service spending from woredas to regions; and, low levels of capital spending by woredas. Once these issues were identified, Development Partners and the GoE worked to address and resolve them, suggesting that the SAFE principles and tests are able to assess how the system is working and identify problems that need to be addressed. The Fairness test in particular has demonstrated that resource allocations to regional and woreda levels are made according to the formulas that are approved by parliament, with no regions or woredas complaining about political distortion in the distribution of block grants. However, the element of the fairness test that looks specifically for political distortion in allocations to woredas was dropped in 2009 as it was decided that – with the value of the analysis reduced by woredas splitting or merging and by election data that is five years old – this element was not a priority.

#### **What more can be done to prevent distortion in PBS?**

65. The evolution of PBS and its systems and safeguards is driven by a structured process of assessment and lesson-learning, with the JRIS missions at its core. This process will continue and will be augmented by enhanced supervision and field visits to areas that the safeguards and tests identify as potential sites of distortion. The transition from PBS 1 to PBS 2 saw an evolution in the systems and safeguards in place to ensure that aid provided through PBS is allocated fairly and used effectively. The effectiveness principle has been enhanced, the fairness test has been improved, the fiduciary test has been expanded, audit arrangements have been stepped up, the social accountability and financial transparency components are being strengthened, and a monitoring and evaluation component has been introduced. Development Partners and the Government have worked together to address problems that were identified in the most recent JRIS in relation to the quality and timeliness of data needed for the fairness test in SNNPR, with a field mission planned to verify that a solution has been found.<sup>16</sup>
66. Overall, challenges remain, particularly in relation to the capacity constraints faced by the government systems that PBS uses and relies on. The safeguards would appear to be working well, with the tests now extending below the woreda level to look at issues of service delivery as well as the allocation of resources. However, the safeguards would not pick up on access to employment or access to goods and services being shaped by political affiliation, or on PBS funds being mis-used for political training and education. The hope is that the scope for distortion of this sort should be narrowed as local level transparency and accountability is enhanced, both through the GoE's own programmes and through PBS. However, progress on the social accountability and financial transparency components of PBS has been slow. Faster progress on these components is essential. In addition, it will be important to ensure that assessments of the effectiveness of PBS and its safeguards take a strong sectoral perspective to ensure that resource spending at and below woreda level remains clearly in view.

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<sup>16</sup> Joint Review And Implementation Support Mission on Protection Of Basic Services (PBS) Program, Phase II, 2009, *Aide Memoire*.

Finally, once new election data is available, consideration should be given to reinstating a modified version of the fairness test that looks for political distortion in allocations to worded as.

## 5. The Relief Programme

### **What is the Relief programme?**

67. The aim of the Relief Programme is to save lives and protect livelihoods by assisting people facing periodic acute food insecurity caused by natural disasters or conflict. It targets disaster-prone areas through the Government's early-warning system and a rolling programme of multi-agency seasonal assessments. The 1993 National Policy on Disaster Prevention and Management makes clear that disaster response should be led by the Federal Government. The Relief Programme complements the PSNP – and its focus on chronic food insecurity – as part of the Government's strategies on food security, and on disaster risk management. The Disaster Risk Management and Food Security Sector (DRMFSS) of the MOARD coordinates the programme, working in close partnership with regional governments, WFP and a consortium of NGOs led by the Catholic Relief Services (CRS).
68. The Relief Programme is a huge and complex programme comprising both food and non-food assistance. Accounting for 85 to 90 percent of resources requested in the Government's Humanitarian Requirements Documents, food remains the dominant sector. The other sectors are health, nutrition, agriculture, education, and water, sanitation and hygiene. In 2009 there were 6.2 million relief food beneficiaries, with 440,000 metric tonnes of food delivered to more than 1110 Food Delivery/Distribution Points (FDPs) in more than 343 woredas on an almost monthly basis. Seven rounds of relief food were distributed in Ethiopia, with eight rounds distributed in the Somali Region, meeting 69 and 72 percent of beneficiary need in 2009 respectively. In 2010 the number of woredas covered will rise to approximately 370, spread across all but one (Addis Ababa) of Ethiopia's eleven primary administrative areas. By March 2010 the first distribution of relief food was reaching beneficiaries and close to being finalized with the second allocation of resources made only in part.
69. According to current estimates, the Relief Programme will require 643,000 metric tonnes of food in 2010, with the programme having an overall value of US\$489 million. As of the release of the 2010 Humanitarian Requirements Document, there was a cash shortfall of US\$188 million. The hope is that 60 percent of the requirements will be resourced through WFP, with the remainder being covered by NGOs, the Ethiopian Red Cross Society and the Ethiopian Government. However, recent experience and current contributions suggest that not all of the relief food requirements will be met in 2010. The programme is almost entirely donor funded with the US accounting for 60 percent of resources in 2009. The other main donors are the UK, Canada and European Commission (ECHO), who collectively accounted for 20 percent. In 2009 the Government provided 20,000 metric tonnes of its own resources, worth approximately US\$8 million, for the relief response.

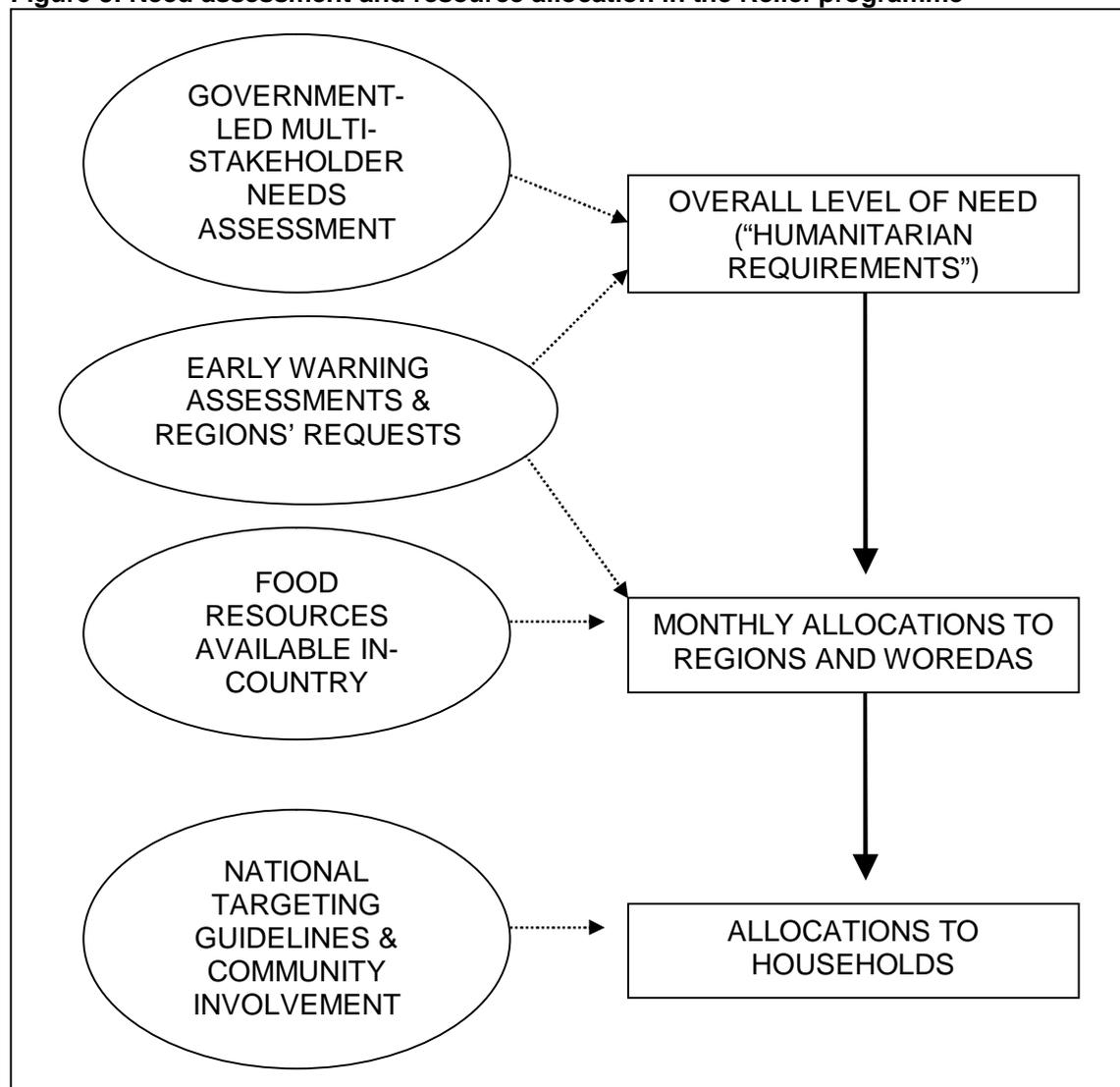
### **How is the Relief programme designed to work and what are its vulnerabilities to distortion?**

70. The DRMFSS's Early Warning and Response Directorate has the responsibility for monitoring levels of food (in)security, assessing needs and coordinating responses for both food and non-food humanitarian interventions. To do this, the Directorate: develops and maintains a set of livelihood baselines that provide a picture of how households at different levels of wealth survive and of what the impact of external shocks might be; implements a Regular Monitoring System that tracks on a monthly basis the factors – production, consumption, access to food – that shape food (in)security, as well as identifying threats, shocks and signs of disaster; conducts Seasonal Emergency Need Assessments to estimate the numbers of people affected

by various seasonal shocks, to identify the type of response and the amount of humanitarian assistance required; completes Disaster Area Assessments in response to unexpected and catastrophic events such as floods or to identify particular pockets of need; and, carries out Nutritional Status Monitoring to measure the level of malnutrition among children of less than five years of age, to assist in the planning and management of emergency relief (Figure 3 provides a graphical representation of how the Relief programme works in terms of assessing need and allocating resources).

71. The number of people in need in each emergency-affected woreda is then calculated on the basis of the severity of the emergency and the expected resilience of communities and livelihoods. Government authorities at all levels are involved in this process. Needs assessments are multi-stakeholder assessments but they are Government-led, with results thoroughly reviewed at regional and federal levels before humanitarian requirements documents are made public. Donors, UN Agencies and NGOs normally participate in the seasonal assessments led by the Government.

**Figure 3: Need assessment and resource allocation in the Relief programme**



72. In principle, actual monthly relief food allocations are to be provided on the basis of case-by-case Verification Assessments. Federal government-led assessments using regional/woreda teams were to continuously check and verify the food security conditions, prior to making monthly allocations of relief commodities for each region

and for each woreda. However, in practice it has been agreed that verification should be undertaken by using early warning monitoring to adjust the estimates provided by the seasonal assessments to obtain the monthly allocation figure. In some cases, adjustments upwards require an ad hoc verification assessment mission from federal government. Full guidelines on the verification process are currently being prepared.

73. Once the regional authorities in consultation with DRMFS and other stakeholders have agreed the monthly allocations regions determine food allocation plans by distribution sites. It should be noted that allocations take into account the supply of relief food – the actual amount of relief food present in the country at that particular time – rather than being based solely on need. In the areas of direct government implementation, food committees (composed of community members and local officials) manage food distributions to the beneficiaries. Once a woreda has been given an allocation, local authorities and community representatives select beneficiary households by following National Guidelines for Food Aid Targeting. In most areas, the Relief Programme is implemented by the Federal Government. DRMFS leads and has responsibility for delivering food to FDPs, with local distribution carried out by local authorities and ad hoc committees of community representatives. WFP assists with the monitoring and the implementation of the Relief Programme.
74. Since 2008 a Joint Emergency Operation (JEOP) – a consortium of US-funded NGOs – has played an increasingly important role in delivering relief, especially in Tigray, Amhara and SNNPR. The JEOP, through CRS as the consortium lead, is fully involved in the process of planning and implementation and works with local communities at the stage of food distribution. JEOP provides an additional channel for the delivery of food aid, a channel which relies on international NGOs, and which some donors may see as offering advantages in terms of timeliness of response and accountability for resources.
75. The Relief Programme is a complicated programme that involves a range of actors at all of Ethiopia's administrative levels. National ownership and execution of the Relief programme is very high. In theory, there is scope for distortion and political distortion throughout the process, from the needs assessment, to the allocation of resources to the regions, to the point of distribution. In terms of needs assessment, evidence could be manipulated to massage the figures upwards or – with some regions not wanting to be seen as “poor performers” – downwards. In terms of the allocation of resources to the regions, there is clearly scope for the deliberations and decisions of the National Disaster Prevention and Preparedness Committee to be influenced by political considerations. And at a local level, there is scope for distribution to be shaped by factors other than need, something that may be more likely to happen if resources fall short of what is required.

**What safeguards does the Relief programme have in place to tackle distortion?**

76. As part of its support for the Government Relief programme, WFP hands over all relief food to the Government of Ethiopia at the time of its arrival to the main warehouses in the country. To ensure that resources are used appropriately, WFP has put in place a number of safeguards to detect and respond to the misuse of food aid in all woredas where the Government is directly implementing the programme. These safeguards have been established at field level by WFP's eight sub-offices and three field offices. These offices have a total staff of over 100 monitors as well as programme assistants and programme officers. With one exception, these offices are headed by international staff. WFP's role is to support the Government during the targeting process and the distribution process to ensure that the targeting guidelines are adhered to and that those most in need receive food assistance. In the areas where the Government directly implements the relief response, WFP encourages beneficiaries to participate in

food distribution and management committees and can air any grievances through local officials or to WFP field monitors or committees.

77. WFP's monitoring and evaluation system includes beneficiary interviews, community discussions and stakeholder consultations and coordination meetings. Since 2007, quarterly Post Distribution Monitoring Surveys (PDMS) have also been established to improve understanding about how the Relief Programme is working and how it might be made more effective. In this way, WFP keeps track of whether targeting accurately identifies those in need, whether those in need actually receive food aid, whether food arrives in a timely manner, and how related resource inputs are used. The sorts of problems identified by PDMS have related to the late arrival of food, and to the quality of food. At the current time, PDMS does not specifically look for evidence of political distortion. In terms of monitoring results, in the absence of regular nutritional surveys and baselines – surveys that the Government has yet to authorize – it has not been possible to measure the impact of Relief on beneficiaries in terms of nutritional indicators. This is a problem for those concerned with assessing the effectiveness of the programme and makes it difficult for those responsible for implementing the Relief programme to be held accountable.
78. If households feel that they have been unfairly excluded from the Relief Programme, they can take up a complaint with the Food Distribution Committee for the particular Food Delivery/Distribution Point. Complaints can also be taken up at the woreda level, or above, with the Disaster Prevention and Preparedness Committees, and grievances are brought to the attention of WFP food monitors. Where the problems presented cannot be solved on the spot, WFP can raise them at the appropriate level within the responsible Government structure. The WFP Country Office will follow up on reported problems both in Food Management Task Force meetings and by sharing the necessary information and demanding action from DRMFSS. DRMFSS has taken action on logistics and programme-related food misuse issues. It has, for example, suspended payments to transporters on several occasions and taken the companies and individuals involved to court. The Government's ability to deal with allegations of political distortion is untested, because there have been no specific allegations of political distortion substantiated through independent investigation.
79. In areas where JEOP delivers the relief programme, the proximity and engagement of implementing NGOs with the local community provides some additional degree of protection against political distortion. JEOP NGO partners actively participate in the targeting exercise where possible, and through their long-term presence can establish the trust that is needed if the local community is to feel comfortable in reporting any concerns. The NGOs would then raise any concerns simultaneously through the proper Government channels, CRS and USAID as needed. No such concerns have so far been raised.

**What does the evidence say about how the Relief programme and its safeguards work?**

80. Over the last three years, the Relief Programme has – it seems reasonable to assume – played an important role in averting a major humanitarian crisis. But in the absence of nutritional baselines or surveys it has not been possible to fully assess the Programme's effectiveness. Post Distribution Monitoring Surveys provide useful evidence about how the system is working, although they are an internal WFP management mechanism rather than a means of monitoring the effectiveness of the Relief Programme as a whole. The absence of evidence – particularly about nutritional impacts – and the fact that food distributions were limited in 2008 and 2009 due to inadequate resource availability, has led to heightened concerns amongst all stakeholders about what impact the Relief Programme is actually having.

81. The safeguards in place should allow JEOP, WFP and the GoE to identify instances where food has been mis-used. However, concerns about the targeting of beneficiaries for food aid in Ethiopia have been a constant for more than 30 years and still persist. Putting in place water-tight safeguards and encouraging changes in behaviour – for instance in relation to cultural practices of food-sharing – is a challenging and ongoing process. Problems are identified by food monitors in the great majority of distributions and tend to relate to issues of targeting, delays in the distribution of food, distribution of rations different from those recommended, and problems with storage. In most instances, these problems can be addressed and solved on the spot through the monitors' intervention.
82. Both the JEOP and WFP elements of the relief programme rely on the beneficiary numbers provided through seasonal assessments and beneficiaries identified through Government-led targeting exercises. WFP and NGOs participate in the assessment and targeting process, and engage with the GoE in relation to exclusion and inclusion errors, but their impact on the beneficiary caseload is difficult to measure. In 2009, WFP monitors carried out visits to over 750 woredas, with an additional 1700 visits made to Food Distribution Points in the Somali region. However, WFP's 100-plus monitors cannot provide coverage for 100% of Relief distributions to ensure that targeting and distribution proceed appropriately in all of them. Nevertheless, there are no explicit examples of large-scale, systematic diversion or exclusion of people in need of relief resources. People in need are targeted to receive relief distributions, and there are no specific wide-spread examples of people not in need receiving relief assistance.
83. The Relief Programme has faced a number of challenges, particularly as regards the accuracy and timeliness of needs assessments. A further ongoing challenge has been created by the decision made by DRMFSS to target food aid only at those households that fall below the survival threshold (cannot meet basic food needs), in the expectation that those that fall above the survival threshold (and under the livelihoods threshold) will be supported by non food-aid interventions. If these households are not supported it is likely that their livelihoods will deteriorate with the result that they will soon slip under the survival threshold, increasing the burden on an already-stretched Relief Programme. Differentiating between households that are over and under the livelihood threshold reduces the figure of those in need of relief food assistance. However, it leaves 1.2 million people without an adequate assistance framework as currently the non-food sectors do not have sufficient mechanisms or planned interventions to reach this caseload.

**What more can be done to prevent distortion in the Relief programme?**

84. All eleven WFP Offices responsible for monitoring activities and JEOP NGO partners are aware of the allegations of distortion. Field monitors and staff have been instructed to pay special attention to potential political misuse of the food, to further strengthen community dialogue and to intensify community awareness efforts with regards to beneficiary selection criteria, targeting and entitlements. Allegations of misuse have been followed up through WFP. More specifically, in December 2009 WFP participated in a field assessment mission led by USAID which looked into allegations of political distortion of food aid in SNNPR. The mission concluded there was "...no indication of political discrimination in the provision of food assistance at the woreda, kebele or community level of the zones visited".
85. In order to address specific requests coming from donors, in 2009 WFP developed a proposal, which identifies several scenarios for enhanced relief monitoring. WFP's preferred mechanism would be to establish joint WFP-donor roving teams to conduct spot checks during and/or after distributions. WFP has already presented this proposal to some donors. It intends to present the proposal to all donors that might be

interested. The proposal had been intended to enhance monitoring in the run-up to elections, but if the proposal has merit it would nevertheless seem sensible to consider it.

86. In addition, a joint Government-WFP study is underway on how to improve the targeting process. The findings of this study will be presented to all Relief stakeholders, including donors and regional authorities, in a workshop in April 2010. The initial findings suggest that the relief targeting guidelines need to be reviewed with the aim of harmonising them with the PSNP targeting practices and through a bottom-up approach giving greater consideration to the different cultures and livelihoods involved.
87. A number of other initiatives to enhance the effectiveness of the Relief Programme and reduce the scope for distortion are also underway. First, DRMFSS is reviewing the systems for assessing need, and considering – amongst other measures – the introduction of woreda vulnerability profiling and the revision of the early warning guidelines. Second, WFP and DRMFSS have been undertaking a Food Management Improvement Project in order to strengthen the capacity of the Government to implement and track relief assistance, and thereby to flag issues related to distortion. Third, an impact study planned for 2010 will assess the effectiveness of the programme, and set out a vision of a new system which, while taking account of existing constraints, would enable the impact of relief assistance to be measured.

## **6. The Enhanced Outreach Strategy – Targeted Supplementary Feeding programme (EOS-TSF)**

### **What is the EOS-TSF programme?**

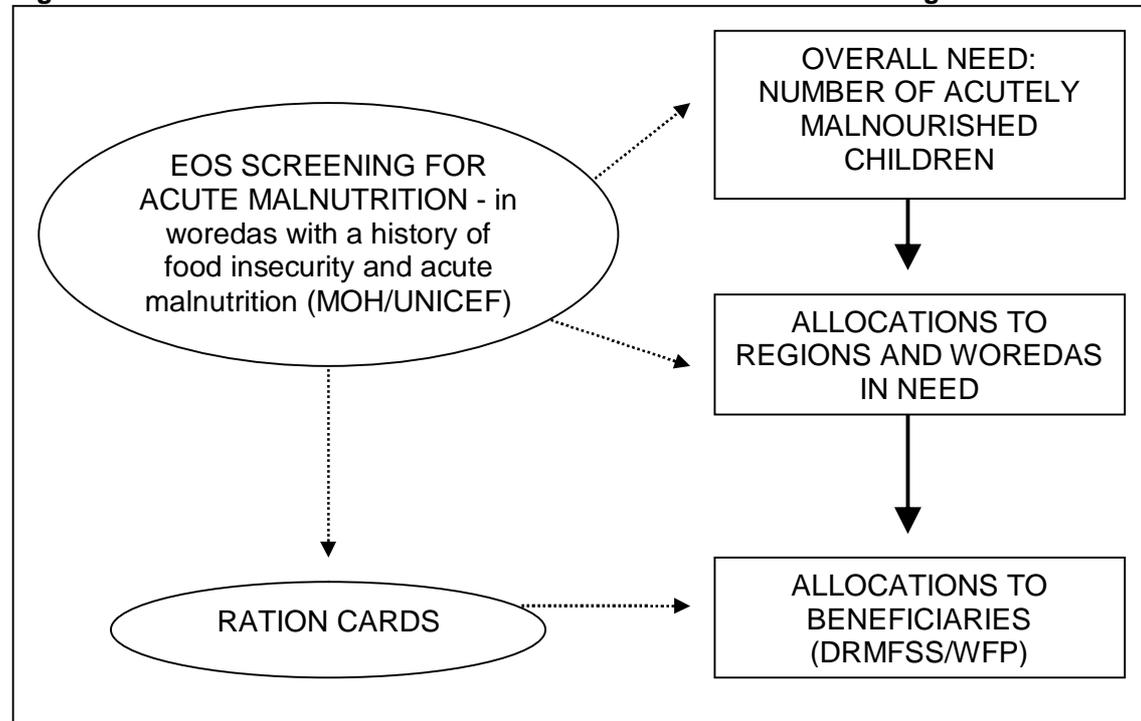
88. Ethiopia has one of the highest rates of child mortality and malnutrition in the world. EOS-TSF identifies acutely malnourished children and pregnant and lactating women and provides them with supplementary feeding, to tackle malnutrition and reduce child mortality. EOS-TSF is made up of two components. EOS identifies those in need of supplementary feeding and TSF delivers the supplementary feeding. The EOS-TSF was developed in 2004 as a temporary measure to prevent additional millions of Ethiopian children from dying or becoming malnourished over the course of the 5 or 10 years that it might take for the longer term Government programmes such as PSNP and the Health Extension Programme to show results.
89. EOS-TSF is a joint Government-UN programme. The Enhanced Outreach Strategy covers the entire country, providing assistance to over 11 million children and 700,000 pregnant and lactating women every 6 months. The annual funding requirement for the EOS as a whole is US\$12 million. The main donors are CIDA, SIDA and the UN's Central Emergency Response Fund. The TSF currently responds to the needs of around 1 million individuals in 168 woredas in Afar, Amhara, Gambella, Oromia, Somali, SNNP and Tigray regions. The estimated annual requirements for the TSF component are US\$53 million. The main donors are the governments of Belgium, Denmark, France, Greece, Spain, ECHO as well as the UN's Central Emergency Reserve and the Humanitarian Response Funds. Since 2008 the programme has had to be significantly scaled back – from the 325 woredas identified as food insecure in the 2002-03 emergency, to a sub-set of 168 woredas – due to soaring food prices and diminishing donor support.

### **How is the EOS-TSF programme designed to work and what are its vulnerabilities to distortion?**

90. Regional Health Bureaus – with UNICEF support – organise EOS days in all woredas, every six months, to provide all children under five years of age with vitamin A supplements, de-worming and a number of other essential health services. In woredas that meet a range of eligibility criteria including historically high levels of acute malnutrition and food insecurity, health extension workers also screen children and pregnant and lactating women, to identify individuals with acute malnutrition. TSF-eligible children and women are given a TSF ration card, with their names and the serial number of the ration card recorded in a book that is given to the trained female Food Distribution Agent (FDA) by the screening team. Three copies of each page of the book with the list of names and serial numbers are made and distributed: one for the district Health Office; one for the FDA; and one for the woreda Disaster Prevention and Preparedness Office (DPPO). Children with severe acute malnutrition are referred to the nearest Therapeutic Feeding Programme.
91. On the basis of the screening results and records, the regional Disaster Prevention and Preparedness Bureau makes a request to WFP for the requisite amount of food. The seven Bureaus involved then have the task of organising the transport and distribution of the food to more than 1,200 food distribution centres. WFP transports the food to regional warehouses and finances the transportation, distribution and administrative costs incurred by regional government. TSF distribution centres are selected through community participation and managed by female FDAs, drawn from the local community. Once the food is received by the FDAs, the date on which eligible

beneficiaries with relevant ration cards can collect their supplementary rations is announced (see Figure 4).

**Figure 4: Need assessment and resource allocation in the EOS-TSF Programme**



92. The EOS-TSF is a government-led process, with the MOH and DRMFSS in the driving seat. A range of ministries, agencies and organisations are involved in managing and implementing the programme, with a Memorandum of Understanding signed by DRMFSS, MOH, UNICEF and WFP outlining the roles and responsibilities of each party. UNICEF and WFP provide financial resources and technical support, while the coordination, implementation and management of the EOS-TSF remain the responsibility of the MOH and DRMFSS both at federal and regional level.
93. EOS-TSF is a complex process with risks of distortion at all stages. Given the large number of distribution points and the size of the country, it is very difficult for the Government and its UN partners to monitor frequently and regularly. Particularly in Afar and Somali region, security presents an additional and serious obstacle as travel of food monitors is constrained. Distortion – in some cases including political distortion – could take place: firstly, in relation to screening, the distribution of ration cards and the registration of people eligible for TSF; secondly, as a result of households buying or stealing additional ration cards from vulnerable households, selling their rations or using it for the entire family; and thirdly, in the process of transporting, storing and distributing the food.

**What safeguards does the EOS-TSF programme have in place to tackle distortion?**

94. The EOS-TSF has a number of safeguards in place to prevent, detect and address distortion throughout the process of targeting and distribution. At the screening stage, instructions and information are provided in a very simple and visual way (colour coded, with pictures) and posted in every EOS post so that those involved are able to understand the process and intended beneficiaries are able to claim their entitlement if they are initially denied. Distributing copies of the registration records to supervisors and field monitors helps detect manipulation of the targeting system. Also on EOS

days, Ministry of Health supervisors and UNICEF field monitors undertake spot checks, although the number of sites to be visited clearly limits the supervision coverage and frequency. In addition, post-EOS coverage surveys are regularly conducted by independent companies, and a full programme evaluation was conducted in 2006.<sup>17</sup> At the federal level, the Emergency Nutrition Coordination Unit (ENCU) checks screening data and reports any problems to the MOH, DRMFS, UNICEF and WFP.

95. At the food distribution stage, the DPPB is responsible for conducting regular food monitoring, complemented by WFP monitoring. Unfortunately, DPPB monitoring results are not regularly shared with partners. WFP's monitors, woreda health and DPPO focal points conduct spot check visits to ensure proper implementation and support to the FDAs. In 2009, through regular spot check visits, WFP monitors interviewed 2,369 beneficiaries in 111 woredas and visited 1,245 distribution centres, with nearly 500 centres visited during distribution. The monitoring visits – the frequency and coverage of which is constrained by the resources provided for monitoring – check on whether the distribution process is following procedures, as regards proper documentation, registration and information provision. Monitors also conduct beneficiary interviews 40 days after the food distribution. Beneficiary interviews collect information on issues including what food was received and how it was used, how the distribution process worked, what beneficiaries know about their entitlements. Following each distribution, FDAs attend a post-distribution woreda review meeting to assess the distribution process and to discuss problems encountered with woreda health and DPPO focal points. Review meetings are conducted at district and zonal level to assess the overall EOS campaign performance, including the quality of the screening process.
96. WFP's approach verifies whether allocated TSF food is reaching beneficiaries identified through the EOS-TSF screening in a timely manner, and enables follow up at higher levels if need be. Commodity tracking will further benefit from the envisaged Food Management Improvement Project (FMIP). As the programme does not regularly check on the improvement of the beneficiaries' nutritional status, WFP conducts an annual outcome survey, collecting data on recovery and mortality rates.
97. There is no formal appeal process for individuals to use if they feel that they have been unfairly excluded. Issues of concern can be raised informally to the appropriate WFP and counterpart level and are usually identified through the regular monitoring visits. At federal level the EOS-TSF working group composed of DRMFS, MOH, ENCU, UNICEF and WFP staff meets on a bi-monthly basis to discuss issues of concern. In addition, WFP regularly participates in a range of field coordination task forces such as the regional and zonal Emergency Coordination Task Forces that serve to facilitate information sharing and prompt intervention. In cases where ENCU is unable to confirm the validity of screening data, WFP reduces the ration or withholds the food distribution.

**What does the evidence say about how the EOS-TSF programme and its safeguards work?**

98. Current information on the nutrition situation is provided through woreda-level nutrition surveys, which are mostly conducted by international NGOs and cannot be extrapolated to regional or national levels. The absence of a national nutrition

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<sup>17</sup> UNICEF, 2006, *Coverage survey report on integrated child survival interventions in Oromia, Amhara, SNNP, Tigray, Somali and Beneshangul Gumuz national regional states of Ethiopia*; Continental Institute of Public Health, 2008, *Post Campaign Evaluation Survey, Enhanced Outreach Strategy in Ethiopia, first round 2008 campaign, final report*; Hall, A. and Khara, T. 2006, *Mission report, Enhanced Outreach Strategy/ Targeted Supplementary Food for Child Survival Interventions*.

surveillance system or a system for tracking weight gain during the six month implementation period makes monitoring outcomes extremely problematic. In terms of coverage, the EOS has performed consistently well providing low cost, high impact interventions to over 11 million children and 700 women every six months.

99. In terms of effectiveness and efficacy of the TSF, the final results of the TSF outcome evaluation study showed that TSF implemented as per its design has a statistically significant nutritional benefit to targeted moderately malnourished children as compared to a control group of malnourished children receiving a TSF with implementation problems.<sup>18</sup> Current problems with implementation that cause variance from design are: high rates of false inclusion – 46% of children enrolled were not acutely malnourished, according to the Ethiopian cut off point<sup>19</sup>; delays in arrival of food in many areas; high intra-household sharing; and, lack of availability of safe water. The study noted that the high rate of false inclusion clustered very closely around the 12 cm cut off point. Such a pattern of errors could be the result of poor quality screening by inexperienced staff, or it could be due to external pressures to include more beneficiaries in the TSF list. Determining precisely why false inclusion rates have been so high presents a major challenge, but one that must be addressed.
100. The study also showed that 45.5% of the acutely malnourished children receiving TSF recovered a normal weight compared with their height over a three months period, while 1% died and 1.5% defaulted. The international humanitarian Sphere standards consider Supplementary Feeding Programmes (SFPs) to be of good quality when recovery rate is >70%, mortality rate is < 3% and defaulter rate is < 15%. However, this is based on SFPs that are clinic-based, have far fewer beneficiaries, and have continuous monitoring of weight gain. To respond to the scale of the problem in Ethiopia, EOS-TSF uses a campaign approach to reach large numbers, but this prevents close follow-up of individuals.
101. The 2009 feedback from regular monitoring activities indicated that 90 percent of the beneficiaries knew their entitlement and received the appropriate supplementary feeding ration. Over 92 percent of food was collected by the individual intended beneficiaries, with the remainder collected by the husband or a related female. About 4 percent of the beneficiaries sold their ration. WFP observed further that 81 percent of the ration cards had complete information on them and that in over 94 percent of the cases the beneficiary list was received by the FDAs in a timely manner.
102. The safeguards that are currently in place limit the scope for distortion but do not eliminate it entirely, particularly at local levels. Manipulation of cards and registration books, the selling or stealing of food rations or cards, and deliberate measurement errors are very difficult to monitor if not witnessed by an independent body at the time it is happening. The current coverage and frequency of monitoring is insufficient. However, the safeguards are able to pick up some issues. For example, in 2009 WFP food monitors concluded that screening had not taken place in a number of woredas in Afar and Somali regions. The government officials concerned were unable to confirm that screening results were correct and as a result the TSF distribution was cancelled.

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<sup>18</sup> Skau, J. et al, 2009, *Outcome evaluation study of the Targeted Supplementary Food (TSF) programme in Ethiopia*.

<sup>19</sup> The June 2009 TSF Outcome Evaluation Study revealed 46% inclusion error of the TSF beneficiaries by the screeners. However, it is to be noted that the data collection occurred between May and September 2008, period corresponding to the peak of acute food insecurity in the South and Eastern part of Ethiopia and to severe breaks in WFP food pipeline. The 2010 TSF study will indicate whether this high inclusion rate was due to those extraordinary circumstances. In some contrast, a post-Child Health Day coverage survey (the strategy which is being phased in to replace EOS) conducted Oct./ Nov. 2009 revealed very good quality screening in Tigray but exclusion errors in Oromia and SNNPR.

103. Some of the problems faced by EOS-TSF are a result of high staff turnover and ongoing business process re-engineering in the various Government ministries and agencies, and their detrimental impact – at least in the short term – on institutional and administrative capacity. Inadequate tendering processes for food transportation and delayed communication on screening results have also meant that targets for the timely delivery of food are regularly not met.

**What more can be done to prevent distortion in the EOS-TSF programme?**

104. The process of screening, targeting and delivering assistance has evolved since EOS-TSF was established. The screening methodology has been improved, reducing the scope for errors, with screening now conducted by qualified health extension workers rather than unqualified and inexperienced community volunteers. The most recent guidance note on the EOS screening process underscores the need to present credible screening results for effective TSF targeting with limited inclusion and exclusion errors, and makes a number of practical suggestions as to how the process might be improved.
105. It will be important to ensure that progress is made with reducing the level of false inclusion. This would contribute to making the EOS-TSF more effective and to narrowing the scope for distortion. It may also be worth giving serious consideration to increasing the diversity of health extension workers in order to minimise the possible impact of clan ties on the screening process. To complement this work, WFP plans to extend the “gatekeeper” approach that has been successfully piloted with the strong support of high-level regional administration officials in Afar and SNNPR; regions that were known to suffer from high numbers of false positive inclusions. In this approach, the EOS screening is augmented by a second screening done by WFP-financed health professionals.
106. Beyond the issue of EOS screening, more attention needs to be given to monitoring, both in terms of monitoring the targeting and food distribution process, and in terms of monitoring the impact of the programme as a whole. In the absence of regular nutritional surveys, it is very difficult to make a well-informed assessment of the programme’s effectiveness. As with the Relief programme, this is a problem for those concerned with assessing the effectiveness of the programme, making it difficult for those responsible with implementing the programme to be held accountable.

## 7. Conclusions: Investing in domestic accountability

107. Development programmes must be supported by effective accountability systems, to ensure that they deliver results, to drive improved performance and to minimise the risks of political distortion. This chapter sets out a model of the elements that an effective accountability system needs to have in place, before then providing a summary assessment of the accountability systems that are in place to support the four programmes considered as part of this study. It then makes a number of recommendations as to how Development Partners and the Government of Ethiopia might strengthen the programmes' accountability systems and – more broadly – how Development Partners and the Government might work together to strengthen Ethiopia's own accountability systems in order to contribute to the delivery of sustainable country-owned and led progress on poverty reduction and sustainable development.

### **Strengthening systems and safeguards**

108. Efforts to improve the systems and safeguards in donor-supported development programmes must not be postponed until there is a universally-accepted means of identifying specifically political distortion and incontrovertible evidence of widespread political distortion. In the prevailing political context, with the allegations concerning political distortion, and the suspicion of some that the allegations may themselves be politically-motivated, that day may be some way off. Development Partners, working with the Government of Ethiopia, need to make sure that the programmes that they support are effective and are not subject to political distortion, now.

109. The Government of Ethiopia has a responsibility to investigate allegations of distortion, to create an environment in which people feel able to bring forward their complaints, to put in place effective independent mechanisms to deal with any allegations that may be made, and to ensure that donor-supported Development Programmes are implemented as designed and agreed. The GoE should ensure that local level officials understand how programmes are designed to be implemented, and are instructed and incentivised to implement them accordingly. The GoE should also reiterate – in order to make clear to administrators at local levels – that access to goods and services whose provision is supported by aid should be determined by need and not by political affiliation. However, with the allegations of political distortion levelled primarily at the GoE and the ruling party, Development Partners must remain vigilant, ensuring that the Government of Ethiopia meets its responsibilities to respond objectively and appropriately to the allegations, and insisting that effective systems to allow for independent accountability and to tackle distortion are put in place and strengthened.

### **Accountability systems: A model and assessment**

110. Effective accountability systems drive improved performance by enabling those responsible for implementing programmes to be held to account, both by Development Partners that provide support and – most importantly – by the programme's intended beneficiaries. Ideally, donor-supported development programmes will make use of and thereby strengthen the Government's own systems of governance and accountability.<sup>20</sup> In this way, donor-supported development programmes can contribute to the prospects for sustainable progress on governance and poverty reduction. In practice – including in countries where Development Partners have insufficient confidence in a country's own systems – donor-supported development programmes often make use of a combination of the Government's own systems and a series of programme-

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<sup>20</sup> OECD, 2010, [Making aid more effective through the strengthening and use of national systems](#)

specific safeguards. Whatever approach is taken, to be effective an accountability system needs to have the following features:

- **Rules, expectations and responsibilities:** There are clear rules and expectations about how the programme should work and what outcomes it should deliver, with responsibilities for delivery made explicit;
- **Information, awareness and rights:** Information is made available about how the programme should work, what outcomes it should deliver and who is responsible for delivery, with intended beneficiaries aware of what they have a right to expect;
- **Safeguards and monitoring processes:** Safeguards that prevent and detect distortion, and monitoring processes that generate reliable and timely evidence about how the programme works, what outcomes it delivers and the extent to which the various actors are meeting their responsibilities, are in place;
- **Processes and mechanisms for input and challenge:** Stakeholders are able to have an input into how the programme works and to challenge and hold to account those responsible for programme implementation and delivery;
- **Incentives:** Incentives are in place to drive behaviour and improve performance, both when programmes function as per design and when programmes are not functioning as expected.

111. The **Productive Safety Nets Programme** has a well-developed accountability system in place to prevent and detect distortion, including political distortion. The challenge is to ensure that – in the face of ongoing capacity and coordination constraints – sufficient priority is given to implementing the accountability system and its safeguards at a local level.<sup>21</sup> There are clear *rules and guidelines* which set out how the programme should work, clear responsibilities for the different organisations involved, and explicit minimum performance standards. There is some inflexibility in relation to the geographical allocation of resources, but it is unclear whether this reduces the effectiveness of targeting. PSNP includes a strong commitment to *transparency* and the public disclosure of key programme *information*, although implementation of this commitment is variable. A number of measures have been adopted to improve awareness, including client cards and a beneficiaries' charter of rights and responsibilities.

112. PSNP has a wide range of *safeguards and monitoring processes* in place, including financial and physical reports, evaluations, audits and independent programme evaluation, alongside parliamentary oversight. However, there are questions about whether monitoring data is put to good use by those responsible for programme implementation. In terms of *processes and mechanisms for input and challenge*, community-level participatory targeting and planning is central to PSNP, and an appeals process, roving audits and beneficiary perceptions surveys have been established. There have been some concerns about reporting and record-keeping in relation to the appeals process, although these concerns – concerns that would, if well-founded, raise questions about the robustness of this element of PSNP's supporting accountability system – are being addressed. PSNP's performance

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<sup>21</sup> The model presented above provides a framework for comparing and assessing the accountability systems that each of the four programmes has in place. Whereas the chapters on the four donor-supported development programmes included in this study are intended to be descriptive accounts of the programmes, this section – while based on the evidence presented in earlier chapters – is more analytical in nature and involves judgments about the robustness and effectiveness of the accountability systems.

management system should, when it is fully implemented, provide *incentives* to encourage good performance and identify where capacity needs to be strengthened, although it has steered clear from introducing sanctions for poor performance in particular areas. In terms of individual allegations of political distortion, the GoE has made a commitment to investigate credible allegations on a case-by-case basis.

113. The **Protection of Basic Services** programme supports and builds on Ethiopia's own systems for accountability, and in addition has a series of safeguards at its core that help to detect and prevent distortion. The challenge for PBS – a programme that depends on effective and accountable systems at a local level – is to ensure that its efforts to strengthen financial transparency and social accountability help to reduce the risk of political distortion at woreda and sub-woreda levels. In terms of *rules*, there are clear formulas, approved by parliament, for allocating resources to regions and woredas, with resources aligned with government priorities at sub-woreda level. As regards *information*, there is a strong commitment within PBS to financial transparency, but the implementation of that commitment by local authorities is variable, and – as the FTAPS survey showed – there is a lack of public awareness about how local government and service delivery is supposed to function.
114. In terms of *safeguards and monitoring processes*, four SAFE tests are at the core of PBS, supported by JRIS Missions, audits, and Interim Financial Reports. There is a dedicated monitoring and evaluation component, with monitoring feeding into PASDEP. However, establishing what impact PBS has had in specific sectors presents a considerable challenge. As regards *processes and mechanisms for input and challenge*, PBS includes a strong commitment and specific component on social accountability. This aims to strengthen social accountability in a sustainable manner, building on existing government structures and systems for policy-making and participation. Progress with implementing this commitment has been slow. Finally, it is not clear what *incentives* are or might be applied to motivate changes in behaviour and performance, although disbursements are conditional on satisfactory financial reports and donors can reduce their contributions if SAFE tests are not met.
115. The **Relief** programme's process for targeting is based on clear but complex *rules and guidelines*. However, there is considerable scope for distortion both in terms of the overall assessment of need and the geographical allocation of resources. The introduction of two categories of need – “livelihoods” and “survival” – adds another dimension to the process. The Relief programme is well-known to the Ethiopian public, but there is a lack of clear *information* about how this programme and PSNP should work in places where they are both in operation, or – because of the unpredictability of Relief allocations – about people's entitlements to Relief food. *Safeguards and monitoring processes* have been established, including Post-Distribution Monitoring Surveys for WFP management purposes. However, with a lack of resources for monitoring, and in the absence of a regular programme of nutritional surveys, there are significant challenges in the Relief programme's system of accountability.
116. In terms of processes and mechanisms for *input and challenge*, the Relief programme is largely top-down, although there is some community involvement in food distribution, local-level targeting and management. It is not clear what *incentives* might be applied to respond to good or bad performance and the Government's ability to deal with allegations of political distortion is untested as there have been no specific substantiated allegations of political distortion. However, the Government has suspended payments to transporters on occasion, and donors can reduce funding, or switch their funding to other channels.

117. The **Enhanced Outreach Strategy – Targeted Supplementary Feeding** programme has clear *rules* about its operation, but the process that the rules are intended to govern is quite complex and requires close collaboration between ministries with responsibility for health and agriculture, and between WFP and UNICEF. The effectiveness of the programme as a whole is also heavily-dependent on the quality of the screening process. In terms of *information and awareness*, EOS-TSF makes information available to participants in its screening process in a user-friendly manner, increasing potential beneficiaries’ awareness of their rights.
118. As regards *safeguards and monitoring processes*, the MOH/UNICEF-led screening process should ensure that only acutely malnourished children get access to supplementary feeding, but the screening process has faced a number of problems, particularly in terms of high rates of false inclusion. Post-screening coverage surveys have been established, but insufficient investments have been made in monitoring or in regularly collecting data on outcomes. And, the results of food monitoring are reportedly not shared by the Government with its partners in the programme. The EOS-TSF lacks *processes and mechanisms for input and challenge*, working in a largely top-down manner and with no formal appeals process. It is not clear what *incentives* are or might be applied in cases of good or bad performance, although WFP can and on occasion has reduced food supplies when it has not been possible to confirm screening data, and donors can reduce their funding.

**Figure 5: Accountability systems – A summary assessment**

	PSNP	PBS	Relief	EOS-TSF
Rules, expectations, responsibilities	○	○	○	○
Information and awareness	○	○	○	○
Safeguards and monitoring processes	○	○	○	○
Processes & mechanisms for input and challenge	○	○	○	○
Incentives	○	○	○	○
<b>Key:    Green = Good.            Yellow = Room for improvement.            Red = Significant weakness.</b>				

119. On the basis of this assessment<sup>22</sup> (see figure 5; see annex 1 for a fuller summary), it would seem that PSNP and PBS are supported by relatively robust accountability systems. In the case of PBS – a programme that aims to support decentralised service-delivery, and whose programme-specific safeguards tend to focus on allocations to woredas – ensuring that systems at woreda and sub-woreda levels are effective and accountable is particularly important. For the Relief programme and the EOS-TSF programme, this assessment suggests that there are significant weaknesses in their accountability systems, in terms of safeguards and monitoring processes, and, especially for EOS-TSF, in terms of the existence of processes and mechanisms for input and challenge.

<sup>22</sup> In order to understand how the programmes, the systems and their safeguards work in practice it would be necessary to go beyond reviewing documentation and to gather additional evidence from the field. As such, the current study – while having made use of the best available evidence – remains exploratory.

120. Across the board, our analysis suggests that all four programmes would benefit from giving greater attention to the generation and dissemination of information, to independent monitoring, and to the incentives that are needed to change behaviour and drive improvements in performance. Development Partners and the Government of Ethiopia should consider carefully how incentives and sanctions might be made smarter, so that they do not risk punishing those who are in need of assistance, but do exert influence on those actors with the power and responsibility to improve performance.

### **Next steps: Investing in accountability and building country systems**

121. Development Partners have a responsibility to ensure that the funds that they provide are spent effectively and are not subject to political distortion. The development programmes to which Development Partners contribute must be supported by well-functioning accountability systems. This study has shown that each of the programmes is supported – some more than others – by accountability systems that provide some check on distortion, including political distortion. Nevertheless, there is room for improvement in relation to all of the programmes. In terms of the four development programmes considered in this study, there are a number of specific areas for attention:

- **On PSNP**, there is a need – not least to dispel allegations which may be unfounded – to make available some clear analysis of whether targeting is effective, both in terms of which woredas are included and which kebeles within woredas are included. There is also a need to improve transparency and the public disclosure of programme information, particularly in relation to the appeals process, to ensure that the performance management system drives improvements in performance and adequately addresses cases of poor performance, and to implement the planned improvements to woreda-level monitoring through the establishment of Regional Information Centres and more frequent GoE-donor spot checks.
- **On PBS**, there is a need to ensure that the programme continues to strike the right balance between making use of the Government's own systems for accountability, and using additional safeguards and systems. In addition, while the safeguards have evolved to encompass service delivery and quality as well as resource allocations, the JRIS Missions themselves should ensure that a sectoral perspective informs their analysis so that resource spending at and below woreda level remains firmly in view. To further minimise the risk of political and other forms of distortion at woreda and sub-woreda levels, there is also a need to increase the momentum on financial transparency and social accountability. Finally, serious consideration should be given to re-instating a modified version of the component of the fairness test that was designed to identify political distortion in allocations to woredas.
- **On the Relief programme**, there is a need for more monitoring, for the findings of such monitoring to be shared more widely, and for continued efforts to involve communities in the process of targeting. Monitoring needs to extend beyond the process of targeting and distribution to include monitoring of nutritional outcomes; in the absence of such monitoring it is very difficult to know how effective the programme is. There is also a need to open up the process of need assessment and resource allocation, enhancing transparency – including to intended beneficiaries – so that Development Partners and beneficiaries can have confidence that resources are allocated appropriately, according to need.
- **On EOS-TSF**, there is a need for more monitoring of the targeting and food distribution process and greater transparency about the findings of monitoring

exercises. More attention must also be given to monitoring the impacts of the programme as a whole, and consideration given to the feasibility of establishing an appeals process. Finally, there is also a need to understand better the failings of the screening process and improve it – including through WFP’s “gatekeeper” approach. Given the central place that the screening process plays in assessing overall need, in influencing the allocation of resources to regions and woredas, and in determining which individuals are eligible to receive supplementary feeding, this is crucial.

122. The challenge for Development Partners – seeking to ensure that aid is effective in the short term and leads to sustainable reductions in poverty in the longer term – is to respond to donor-country demands for accountability while working in ways that also enhance the accountability of partner country governments, through democratic processes, to partner country citizens. Beyond investing in programme-specific accountability systems, and working to strengthen the synergies amongst the various programmes, the appropriate response to this challenge is to invest in domestic accountability: making use of country systems; ensuring that the appropriate safeguards are in place; seeking to strengthen country systems where necessary; further investing in social accountability programmes; and, periodically reviewing how the systems and safeguards are working. Development Partners and the Government of Ethiopia should build on this exploratory study to advance this agenda.

**Box 2: How much to invest in accountability?**

Establishing effective accountability systems costs money that might otherwise flow directly to beneficiaries. Development Partners have to make decisions about whether they should be investing 0.5%, 5%, 20% or 50% of a programme’s resources in accountability systems and safeguards.

Development Partners should make decisions about what proportion of funds to invest in accountability to prevent distortion, on the basis of systematic and context-specific assessments about the prevalence and cost of distortion (in the short and long term) and the cost of reducing distortion.

Decisions about how to invest in accountability should take account of the relative costs and benefits – in the short and long term – of investing in programme-specific accountability systems, or investing in a country’s own accountability systems.

123. Phase one of the DAG’s work on aid, accountability and distortion has identified a number of areas for improvement to the safeguards and accountability systems in place for various donor-supported development programmes. It has also set out a useful framework for discussions amongst donors and with Government about how accountability systems might be strengthened. A second phase of work should build on this analysis, instituting a cross-programme process of lesson-learning about how the various programmes work in practice and about how the supporting accountability systems might be further strengthened. Detailed plans for a second phase of work are being discussed, but the intention is to extend the scope of the analysis to cover PSCAP and the General Education Quality Improvement Programme (GEQIP). Given the findings of this exploratory study, the analysis conducted in phase 2 should include analysis of: the effectiveness of the targeting process in the various programmes; how the programmes generate and disseminate different sorts of information; how the programmes assess their own effectiveness and that of their targeting and resource allocation processes; the extent to which programmes make use of independent monitoring; and, what incentive systems might be put in place to drive improved performance.
124. A second phase of work should – as far as possible – build on processes that are already in place to monitor and improve the ways in which the various programmes

work. This will avoid putting further strains on programmes and ministries with already-limited capacities for effective implementation.

125. In pursuing this second phase of work, Development Partners should make clear that they are determined to see good progress on strengthening the accountability systems that support the programmes through which their funds are spent. If credible evidence were to come to light of widespread political distortion, or if progress on strengthening the systems and safeguards were to be slow, then Development Partners may need to review funding commitments. A determined stance on the part of donors is essential if they are to meet their responsibilities, both to taxpayers and electorates in their own countries, and to the people of Ethiopia
126. Development Partners and the Government of Ethiopia will need to work together, closely and constructively, to ensure that donor-supported development programmes and their associated systems and safeguards contribute to strengthening Ethiopia's own accountability systems. In part this is about Development Partners making use of Ethiopia's country systems, where such systems provide sufficient guarantees that aid will be used effectively. But – given that accountability requires that individuals feel able to challenge and ask questions of those in charge of making decisions – it is also about enhancing the independence of Ethiopia's own accountability systems so that citizens and citizens' organisations are willing and able to demand accountability
127. For Development Partners, this means thinking in a more integrated manner about programmes such as the Democratic Institutions Programme that have enhancing accountability as their focus, programmes such as PSCAP and PBS that have enhancing accountability as one of their aims, and programmes such as the General Education Quality Improvement Programme (GEQIP) that are focussed on other aims but which would benefit from enhanced governance and accountability. To drive faster progress on poverty reduction, accountability should be at the centre of Development Partners' engagement with Ethiopia, its Government and its people. In this way, addressing needs for strengthening programme implementation safeguards should become part of a broader post-election dialogue about how Development Partners – providing aid in ways that promote the strengthening of domestic accountability – can work with the Government of Ethiopia to strengthen the capacity of the state to be increasingly accountable and effective in the eyes of its citizens.

## Annex 1: Accountability systems – An Assessment

	PSNP	PBS	Relief	EOS-TSF
Rules, expectations, responsibilities	Clear rules, criteria and responsibilities and minimum performance standards. Challenge is to ensure effective implementation despite capacity and coordination constraints.	Clear parliamentary-approved formulas for allocation to regions and woredas. Challenge is to ensure that efforts to strengthen financial transparency and social accountability help to reduce the risk of political distortion at woreda and sub-woreda levels.	Clear but complex process for geographical targeting. Considerable scope for distortion at needs assessment and geographical allocation stages of the process.	Clear rules, but complex process requires close collaboration amongst various ministries, WFP and UNICEF.
Information and awareness	Strong commitment to transparency and public disclosure of key programme information, but variable implementation. Measures adopted to improve awareness, including client cards and beneficiaries' charter of rights and responsibilities.	Strong commitment to financial transparency but variable implementation. Lack of public awareness about how local government and service delivery is supposed to function.	More clarity is needed about how PSNP and the Relief programme are intended to work in areas where they are both present. Predictability of Relief transfers – and therefore public understanding of entitlements – is limited.	Clear information provided at screening stage to increase beneficiaries' awareness of rights.
Safeguards and monitoring processes	Financial and physical reports, evaluations, audits, independent programme evaluation, parliamentary oversight. Limited analysis and use of monitoring data by programme managers.	Four SAFE tests are at the core of the programme, supported by JRIS Missions, audits, Interim Financial Reports. Dedicated monitoring and evaluation component. Monitoring feeds into PASDEP, but patchy data about sectoral outcomes.	Government and WFP monitoring processes established, although there is a lack of resources for monitoring. Lack of data on nutritional impact makes assessing programme effectiveness very difficult.	Screening processes to target supplementary feeding, but problems of high false inclusion. Post-screening coverage surveys, but lack of monitors and limited transparency. Lack of data on nutritional impact makes assessing programme effectiveness very difficult.
Processes & mechanisms for input and challenge	Community-level participatory targeting and planning is central to PSNP. Appeals process, roving audits and beneficiary perceptions surveys established. Some concerns about reporting and record-keeping in relation to appeals process.	Strong commitment to social accountability, which is essential to minimize risk of political distortion at woredas and sub-woreda levels; slow progress with implementation. Reliant on government/EPRDF systems for participatory policy-making.	Largely top-down, but with some community involvement in food distribution, local-level targeting and management. NGOs in JEOP help to facilitate community involvement in the process of targeting and distribution.	Largely top-down, no formal appeals process.
Incentives	Performance Management System will reward good performance and – while not imposing sanctions – identify where additional measures to strengthen capacity are needed. Donors can reduce funding if they are unsatisfied with programme performance.	Disbursements are only made if financial reports are satisfactory. Donors can reduce – individually or collectively – their contributions if SAFE tests are not met.	The Government has addressed misuses of food, but its ability to deal with allegations of political distortion is untested. Donors can reduce funding, or switch funding channels.	WFP can reduce food supplies if screening data are not confirmed. Donors can reduce funding.