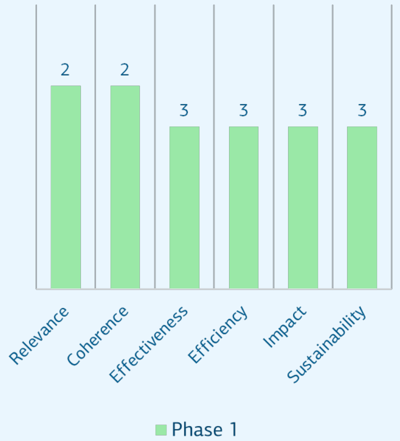
Ex-post evaluation
Urban development and decentralisation (UGDP), Ethiopia

Title	Urban Development and Decentralisation programme (UGDP)
Sector and CRS code	Democracy, civil society and public administration, CRS 43030
BMZ number	2008 65 519
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Recipient and executing agency	Ministry of Finance and Economic Development Ministry of Urban Development and Housing
FC financing volume and instrument	EUR 10.0 million, budgetary grant from the BMZ
Project duration	2010–2017 **Reporting year** 2025 **Year of random sample** 2020

Overall rating

moderately successful



1: very successful – **6:** completely unsuccessful

Project objectives and implementation

The objective at the outcome level was to increase the use of local infrastructure and improve the administrative performance of cities (dual objective). At the higher level of development policy, the objective was intended to contribute to improving the living conditions of the predominantly poor population through the use of the infrastructure provided. The implementation period of the FC programme at almost seven years, was roughly double that planned.

Key findings

The progamme had an impact on development policy, but its sustainability is at risk. The programme is rated as "partially successful" for the following reasons:

- Supporting the eight selected cities in providing the population with needs-based infrastructure was **relevant** to eliminating structural deficits in rapidly growing, previously neglected peripheral areas. It went hand in hand with the partner country's political priorities for decentralisation.
  The relevance of the FC programme is demonstrated by the large-scale World Bank (WB) programmes that was continued until 2024, for which the FC's predecessor programme, the Urban Development Fund (UDF), is regarded as the first decentralisation programme in the sector and a pilot project.
- The **coherent** institutional and technical support led to improved service delivery by municipal administrations. The structures and processes created were transferred to the WB's programmes and further developed.
- The **development policy changes** to which the FC programme contributed led to increasing satisfaction among the population with municipal services. The cities' own revenues increased by up to 30% during and after the implementation of the FC programme.
- Despite a noticeable increase in own revenues and improved financial planning, to which the FC programme contributed, there is still a shortfall in funding for operating and maintenance costs, which poses a risk to **sustainability**.

Conclusions

- Decentralisation projects often require a longer implementation period than expected, which is often underestimated during programme appraisal. This is particularly true when small, decentralised administrative structures need to be strengthened in terms of their capacities.
- TC support in such programmes is desirable, but attention should be paid to the temporal linkage with FC so that the potential can be fully exploited.
- In this case, the compatibility with follow-up programmes of the World Bank proved to be very positive, enabling a considerable increase in municipal financing.

Contents

List of abbreviations

BE	Reporting
BMGF	Bill and Melinda Gates Foundation
BMZ	Federal Ministry for Economic Cooperation and Development
CIP	Capital Investment Plan
DAC	Development Assistance Committee
EPE	Ex-post evaluation
EUR	Euro
FC	Financial cooperation
FC E	FC Evaluation
GDP	Gross domestic product
GIZ	German Society for International Cooperation
GoE	Government of Ethiopia
HDI	Human Development Index
IDA	International Development Association
MP	Module proposal
MUDH	Ministry of Urban Development and Housing
MUI	Ministry of Urban Development and Infrastructure
OECD	Organisation for Economic Co-operation and Development
PA	Project appraisal
PCR	Final completion report
PP	Project proposal
SDG	Sustainable Development Goals
TC	Technical cooperation
UDF	Urban Development Fund
UGDP	Urban Governance and Decentralisation Programme
UIIDP	Urban Infrastructure and Institutional Development Programme
ULG	Urban Local Governments
ULGDP	Urban Local Governments and Decentralisation Programme
USD	US dollar
WB	World Bank

Overview

General conditions and classification of the project

The FC programme "Urban Governance and Decentralisation Programme" (UGDP) was an open programme that financed demand-oriented municipal infrastructure measures in eight small and medium-sized cities. This was done within the framework of Ethiopia's decentralisation policy and the scope for action afforded by German development cooperation. The FC programme built on the experience gained in the previous programme, the Urban Development Fund (UDF), in medium-sized and larger cities and was explicitly intended to benefit smaller regional capitals in peripheral locations, which had considerable ground to make up in the area of public services. Until April 2015, the Technical Cooperation (TC) strengthened the same cities in the areas of planning and public financial management in its project of the same name. Important implementation partners were the municipal administrations of the project cities. In line with programme-oriented development cooperation, the project was conceptually oriented towards the World Bank's Urban Local Government and Decentralisation Programme (ULGDP). This FC programme was already subject to a final audit in 2017. The general political situation has deteriorated nationwide since completion, and five of the eight programme cities could not be visited during the on-site evaluation in June 2025. As a result, only eight of the 13 individual projects could be visited, some of them virtually.

Brief description

The FC programme aimed to support eight selected programme cities in improving municipal services that fall within the sole responsibility of the cities as a basis for local economic development. The target group in the broader sense was the urban, predominantly poor population in the selected cities. The target group in the narrower sense was the cities themselves and their administrations. The individual infrastructure measures were selected in accordance with the Operational Manual agreed between the project executing agency and KfW and the criteria defined therein. Between 2012 and 2017, the following infrastructure measures were newly constructed in the eight small and medium-sized programme cities of Adwa, Assosa, Debre Markos, Gambella, Jigjiga, Nekemt, Semera and Yirgalem: six drainage systems (surface water drainage), four road construction projects (cobblestone roads), two waste disposal sites including specialised vehicles (wheel loaders/compactors and dump trucks), and one market centre. The FC programme was implemented through the Ministry of Urban Development and Housing (MUDH, now the Ministry for Urban Development and Infrastructure, MUI) and, within that ministry, through the Urban Governance and Capacity Building Bureau (UGCDB).

Breakdown of total costs

	Phase 1 (plan)	Phase 1 (actual)
Investment costs (total) in EUR million	12.3	11.77
Own contribution in EUR million	2.3	1.7
External funding in EUR million	10.0	10,0
of which BMZ funds in EUR million	*10.0*	*10,0*

Table1*: Breakdown of costs.*

Map of the project region

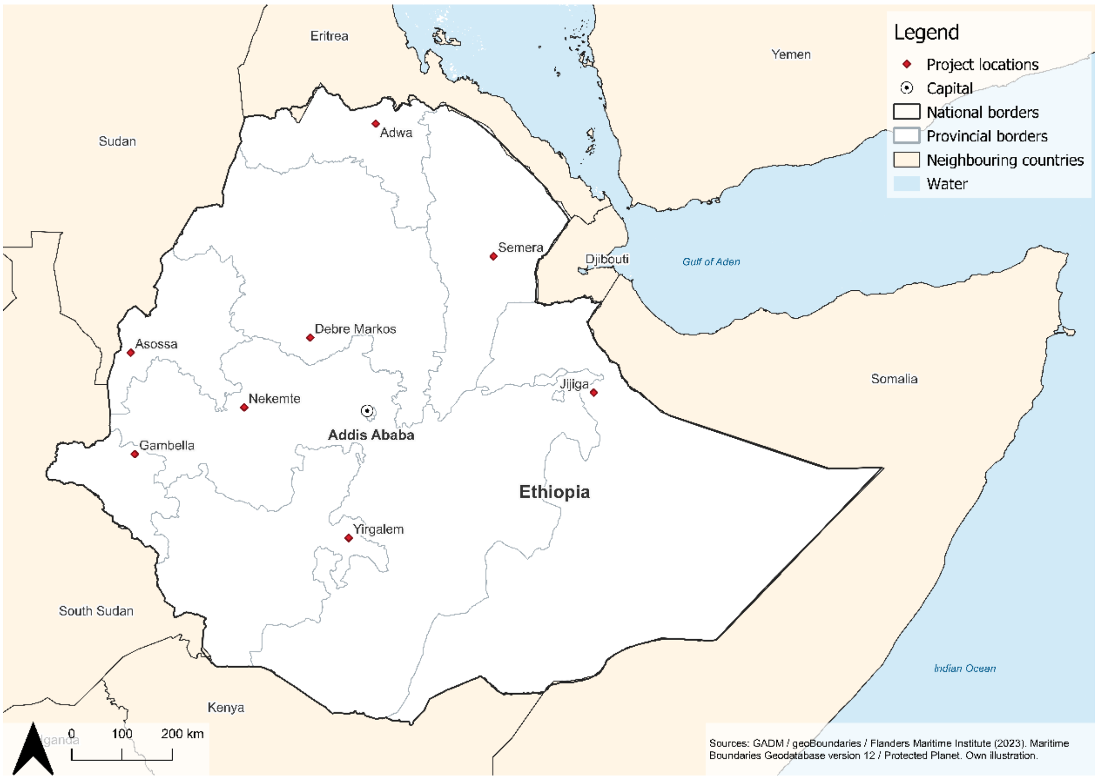


Figure1: *Map of the project region.*
Source: *Own illustration.*

Project-specific strengths and weaknesses of the project

The strengths include in particular:

- Thanks to broad institutional and technical support, the FC programme has helped the eight small and medium-sized towns to become better equipped to plan and implement balanced social and economic urban development. Labour-intensive measures during the construction of the infrastructure created temporary jobs, and small businesses were able to set up shops along the improved roads. This improved the living conditions of the urban population and residents in the surrounding areas who use urban services.
- A key prerequisite for the provision of improved urban services was created through the participation of the population in the identification and monitoring of infrastructure through this FC programme.
- The programme has contributed to a noticeable increase in own revenue, the introduction of a separate budget item for operation and maintenance in the municipal budget, and improved financial planning.

The weaknesses include in particular:

- Despite increased own revenues, the municipal budget remains underfunded, which poses a risk to sustainability, particularly due to insufficient budgets for maintenance.
- A high rate of urbanisation and strong growth in infrastructure assets exacerbated the deficits, which meant that major repairs and replacement measures could not be carried out to the extent necessary.
- Municipal investments financed by parallel World Bank programmes were subsequently extended to 117 municipalities, which made it easier to achieve the project objectives but at the same time made it more difficult to appraise sustainability. This is because these programmes created a risk of donor dependency through high investment contributions, which also included maintenance financing. It is to be expected that support for cities in expanding their public infrastructure will not continue to the same extent as before. This increases the sustainability risk.

General conclusions/lessons learned

- This decentralisation project showed that the implementation time had been underestimated. It involved eight small and medium-sized project towns in marginal regions that had been neglected in terms of development, with a total population of less than 0.5 million at project start, some of which had only been founded recently. The effort required to establish structures and capacities in small towns across the country that are capable of implementing public infrastructure (by commissioning local engineering firms and construction companies with limited capacities) was also significantly underestimated in this case. In similar FC programmes, a realistic implementation period should be planned ex ante.
- Strong technical cooperation support in such programmes is desirable, but attention should be paid to the temporal linkages with FC so that the potential can be fully exploited. Due to the divergence in implementation times between the FC programme and TC programme, the potential of this FC programme could not be fully exploited.
- The connectivity to follow-up programmes of the World Bank proved to be positive, enabling a significant increase in municipal financing. Through performance-based approaches, 117 cities received grants over a period of 15 years to finance public infrastructure and institutional strengthening.
- Due to their high complexity, waste projects require detailed site-specific planning and intensive support for partners when the facilities are put into operation, which this FC project was unable to provide. Waste projects were already unsuccessful in the previous UDF project. A sector-specific approach with comprehensive technical support is therefore recommended for waste projects.

Assessment according to OECD DAC criteria

Relevance

1. Alignment with policies and priorities

The FC project was in line with both Ethiopian and German development policies. In particular, the FC project was in line with the Ethiopian partner's objectives and took into account the relevant political and institutional framework conditions (Plan for Accelerated and Sustained Development to End Poverty I – PASDEP 2005/06 to 2009/10, second Poverty Reduction Strategy Paper, Five-Year Programme – Growth and Transformation Plan for 2011–2015, Fiscal Decentralisation Strategy of 2004 and Urban Development Policy of 2005, the Urban Governance Reform Package supported by development partners (DP)). The reforms in the area of decentralisation aimed to strengthen local administrative structures and improve accountability mechanisms. In addition, approaches to promoting citizen participation were to be introduced and further developed.

Capacity building in the area of governance was defined as a priority for bilateral cooperation between Ethiopia and Germany. The FC programme is in line with the principles of the BMZ sector paper "Environmentally sound municipal and urban development" and the corresponding priority strategy paper valid at the time of the project appraisal. The programme is also aligned with the BMZ's sectoral guidelines as set out in its current core strategy "Peace and Social Cohesion" and in the priorities of the country strategy for bilateral development cooperation with Ethiopia in the field of action "Good Governance".

Urban tasks include municipal water supply, wastewater and waste disposal, local road construction and other economic infrastructure (e.g. markets). To fulfil these municipal tasks, urban local governments (ULGs) do not rely exclusively on their own revenues but receive transfers and subsidies for capital investments both from regional states and indirectly through donor programmes (e.g. WB, German development cooperation (EZ)). In many ULGs, over 50–80% of the budget comes from transfers (especially from WB programmes in the last 15 years). Cities must cover maintenance costs exclusively from their own resources. To this end, ULGs levy various local taxes and fees (property tax, business and service fees, market fees, etc.), although the tax potential is not optimally exploited and in many cases there is no cost accounting for municipal services. In practice, these revenues are nowhere near sufficient to cover all municipal expenditures (infrastructure, social services, administration). Smaller cities in particular suffer from a weak tax base, inefficient tax collection and low solvency among the population. This led to an urgent need for technical advice, which was absolutely necessary for the success of the project.

The issue of gender equality and inclusion was addressed in the decentralisation strategies mentioned above and was to be implemented by means of the guiding principle of strengthening participatory processes enshrined therein. Women were to benefit greatly from the needs-based selection of individual projects and the employment of the population in labour-intensive technologies for the construction of economic and social infrastructure. In addition, the national strategies aimed to strengthen subnational levels in the areas of financial management and related control mechanisms in order to improve accountability and transparency. Progression in digitalisation was to be taken into account by providing digital hardware and introducing IT systems for urban planning and administrative processes. Environmental and climate impact assessments were to be incorporated into urban planning processes and specialist staff trained in this area.

2. Alignment with the needs and capacities of stakeholders and beneficiaries

At the request of the Ethiopian government, the FC project focused on the capitals of the four peripheral regions ('emerging regions') and four other smaller cities in the core regions. These project cities had previously been marginalised in many respects. Population growth here was above average compared to the major cities (more than 5% compared to the national average of 3%). Set against this was the below-average provision of local infrastructure in these regional cities. A distribution policy-motivated allocation of resources, which aimed to strengthen the still relatively weak capacities of city administrations in these regions and to equalise the living conditions of citizens, was therefore understandable. Due to inadequate administrative structures and the level of training and experience of their employees, these city administrations were unable to provide their citizens with adequate municipal services. They lacked technical specialists and their capacities for project preparation and implementation (in particular the tendering of construction services and contract management) were insufficient. This was the core problem for sustainable urban development. The target group of the FC programme was therefore the urban, predominantly poor population in the selected small and medium-sized towns (approximately 450,000 inhabitants in total, over 35% of whom were poor). The indirect target group was the municipal administrations of the selected towns, whose administrative capacity was to be strengthened.

The FC measure aimed to strengthen the relevant city administrations and improve access to public urban services. The aim was to increase employment in the programme regions by awarding contracts to local consultants and construction companies and implementing labour-intensive measures. Market and business-related infrastructure was to contribute to the economic development of the cities and increase their fee income. Improved planning and financial management were to help ensure that funds were used more effectively to combat poverty (indirect impact). The planned consultative mechanisms were intended to open up opportunities for participation for women and men as well as marginalised groups. Women were expected to benefit disproportionately from the use of the municipal infrastructure that had been created, particularly the business-related infrastructure, as they were disproportionately represented in the small retail and small business sectors.

The population of the programme cities was made up of different ethnic groups. As this FC programme specifically targeted peripheral regions, it was to be expected that the measures would also benefit formerly semi-nomadic population groups. From both a contemporary and a retrospective perspective, the core problems were accurately identified.

3. Appropriateness of design

The individual infrastructure measures were selected in accordance with the Operational Manual agreed between the Urban Governance and Capacity Building Bureau (UGCBB), MUDH and KfW and the criteria and processes defined therein. The main criteria included that the individual infrastructure measures had to be part of the current urban development planning, that participatory approaches were used to identify the measures, that implementation of the relevant measures had not yet begun, and that financing would be provided solely by UGDP. Further requirements concerned the consideration of poverty-related factors and upper and lower budget limits for both the actual investment and for operation and maintenance.

The final selection of individual infrastructure measures was made during two meetings of a national steering committee. We consider this concept to be appropriate for the participatory approach of this FC project within the framework of the national decentralisation process, which provided for a gradual transfer of powers from the national to the local level.

Waste projects as implemented in this programme, pose major challenges in the context of a decentralisation programme. A sector-specific approach is recommended, combining investments with national strategies and standards and offering cities comprehensive support in the construction and operation of the new facilities.

As part of this evaluation, adjustments were made to the objectives at **the outcome** and **impact level**, as the traceability of the target system in the module proposal was insufficient. In the module proposal (MV) dated 28 October 2010, the **outcome objective** was as follows: The administrations of rapidly growing small and medium-sized towns are able to plan, provide and operate with sustainability social and economic infrastructure and related municipal services in their catchment area. At the structural level, the objective formulated in PA (Programme/Project appraisal) therefore focused on the planning, provision and operation of infrastructure and related municipal services with sustainability. The outcome target formulated in the PA was not complete, as it did not include **utilisation**. We have therefore adjusted the outcome target, which now reads: The objective of the FC measure is to increase **the utilisation** of local infrastructure and improve the administrative performance of cities (dual objective).
Indicator 1 at PA also focused only on access and not on use by the target group. The indicator adjusted as part of this EPE now reads: "The proportion of households **using** the infrastructure provided has increased by at least 20%". The original indicator 2 has been omitted, as the existence of operating concepts mentioned therein was insufficient. The former indicator 2 is replaced by: "The population is involved in identifying and monitoring the infrastructure".
Indicators 3 and 4 are appropriate and are therefore retained (see chapter on effectiveness).

The **development policy objective (impact objective)** was not formulated uniformly in the appraisal report. It stated: 'The administrations of rapidly growing small and medium-sized towns are able to plan, provide and operate social and economic infrastructure and related municipal services in their catchment areas in a way that ensures sustainability. The project thus contributes to the development cooperation programme objective at impact level by improving the framework conditions for balanced social and economic development and the living conditions of the urban population and residents in the surrounding areas who use urban services. The impact matrix, on the other hand, stated: 'The eight programme cities are able to provide efficient and effective public services for their residents on the basis of selfly managed financial resources and local participation procedures in urban development'. The programme objective at impact level and module objective were almost identical in the impact matrix, which is not appropriate. Taking into account the version in the running text, the adjusted objective at the impact level is formulated as follows: 'The project contributes to improving the living conditions of the predominantly poor population'. The original indicator 2 at impact level (80% of the municipal administrations in the programme have institutionally established consultative planning procedures that take into account the specific concerns of the target groups, taking into consideration the financial framework of the programme) was shortened and moved to outcome level (new indicator 2), and a new indicator for increasing the cities' own revenues was added.

The **results chain** is now consistent throughout: investments in social and economic infrastructure were made at the local level and the administrations were empowered to plan, provide and operate municipal services in their catchment areas in a sustainable manner (outputs). The population uses the infrastructure provided by the FC programme, which was planned, implemented and maintained by the relevant municipal administrations with the participation of the population (outcome). This contributes to improving the living conditions of the predominantly poor population (impact). This impact chain is illustrated again in Figure 2:

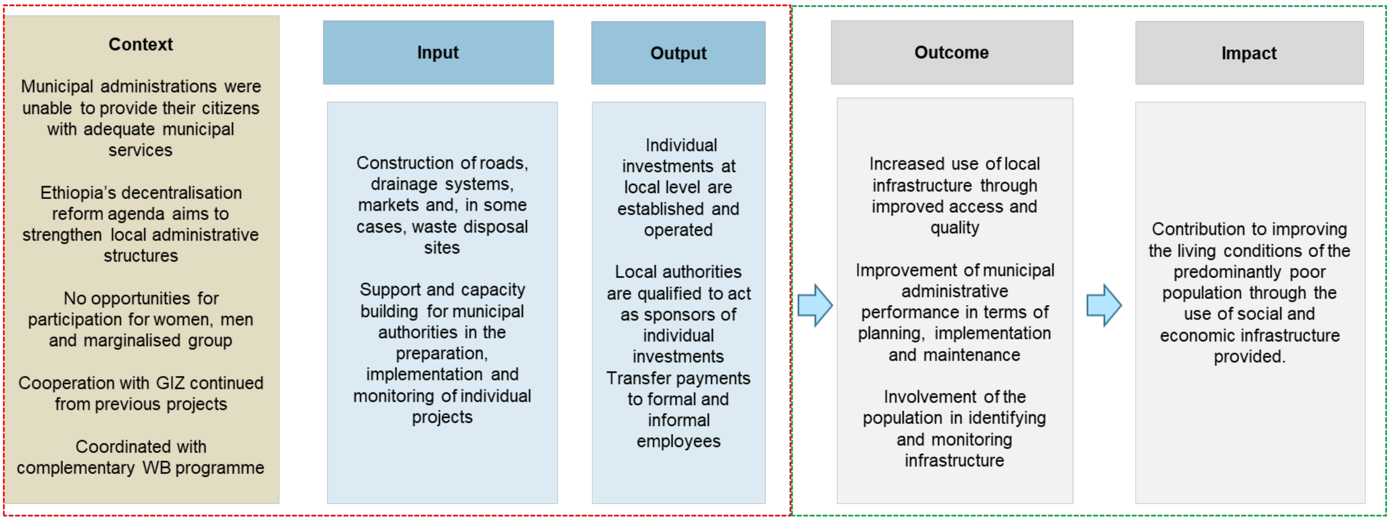


Figure 2: *Chain of effects.*
Source: *Own illustration.*

4. Adaptability – response to change

The project was not adapted during its implementation due to changed conditions (risks and potential).

Rating summary of relevance: successful (2)

Supporting the eight selected cities in providing the population with needs-based infrastructure was relevant to eliminating structural deficits in rapidly growing, previously neglected peripheral areas of Ethiopia. This went hand in hand with the partner country's political priorities for decentralisation. The design of the measure and the underlying causal relationships are comprehensible. The programme also took into account the needs and capacities of the target group, with women being considered through multiple effects (during the labour-intensive construction of the individual measures and later through the establishment of small businesses).

The relevance of the UGDP concept for decentralisation and urban development is also demonstrated by the major World Bank programmes continuing until 2024 (Urban Local Government Development Project (ULGDP I and II) and UIIDP), for which the German predecessor programme Urban Development Fund (UDF) is regarded as a pilot project for municipal infrastructure projects. The UDF, financed by FC funds, was the first decentralisation project in Ethiopia and, with its demand-oriented approach and implementation structures shifted to the cities, was conceptually groundbreaking for all subsequent programmes. However, the investments made to date are still far from meeting the needs of the uncontrolled growth of the urban population. From the perspective of decentralisation and urban development at the time, we therefore consider the relevance of the follow-up project UGDP evaluated here to be high, even if decentralisation no longer has the same national significance today as it did at the beginning of the FC project. This is also reflected in the fact that political decisions down to city level are now made autocratically by the Prime Minister without the involvement of the cities, and that leadership positions are filled on a political basis.

Coherence

5. Internal coherence

The various measures of German development cooperation under a joint development cooperation programme entitled "Urban Governance and Decentralisation" complemented each other. With phase 2 of its UGDP module (2009-2015), TC supported FC activities in the areas of urban planning, public financial management and fiscal decentralisation, citizen participation in the planning process for capital investment plans (CIP), and decision-making on priority measures, focusing on the eight FC project cities. The Centre for International Migration and Development (CIM) sent six integrated experts to advise city administrations in selected areas. TC also supported training in paving cobblestone streets. All these areas of intervention benefited the FC measures. The modules of this joint development cooperation programme were conceptually designed to complement each other and work together towards the overarching programme objectives, building on the cooperation in a previous project phase (FC-UDF and TC-UGDP I). The three current priority areas of the German development cooperation programme – 1) Sustainable economic development, education and employment, 2) Life without hunger – transformation of food systems, 3) Peace and social cohesion – address different but interrelated aspects of good governance, decentralisation and local development, underlining the high degree of coherence of the programme with past and present development cooperation with Ethiopia.

With regard to the practical implementation of the modules, the 2010 progress report (BE) already pointed out that the delays in launching the FC measures (contract with the implementation consultant from December 2011) could lead to restrictions in terms of the desired complementarity and achievement of objectives on the part of the TC module.

This was exacerbated by the fact that cooperation between the FC implementation consultant and TC staff on site was limited, which meant that the full potential could not be exploited. Discussions with those involved have shown that there was good collegial professional cooperation at the working level. However, programme-wide exchange processes generally only took place on an ad hoc basis, for example in the context of audits, missions or annual programme reporting. At a higher strategic level, regular sectoral meetings were held within the coordination structures of German development cooperation (embassy/development cooperation level), mainly for overarching coordination.

6. External coherence

The programme used and supplemented the partner's existing systems. Conceptually, the programme contributed to the implementation of Ethiopia's decentralisation strategy, e.g. in the area of fiscal decentralisation. The structures of the Ministry of Finance at federal, regional and city level managed the funds as earmarked grants via separate bank accounts, which, however, remained subject to the Ethiopian government's Public Financial Management and Accountability System. The UGDP funds were transferred to the cities as earmarked grants. The amount of the grants was based on population size and amounted to 70 to 80% of the total investment funds under the project in the first tranche, which, for the individual cities, represented between 40 and 70% of their investment budget. Depending on implementation performance, a further 20 to 30% was to be allocated as a second tranche after successful implementation of the first tranche, for which four cities qualified. The cities had full discretion over the use of the funds in line with the sector programmes established in their respective cities. Coherence with the partner's interests is also demonstrated by the partner's own contribution of approximately 20% of the investment costs.

The World Bank is the largest donor in the field of governance and urban development. In the first phase of its Urban Local Government Development Programme (ULGDP I, 2008-2013, with a financial volume of approximately USD 420 million), 18 partner cities received support in the form of loans on International Development Association (IDA) terms. These included the 11 cities participating in the FC-funded UDF project, which is considered a pilot project for municipal infrastructure projects. The second phase of the ULGDP (2014–2017) had a financing volume of approximately USD 520 million (USD 340 million provided by the IDA and approximately USD 180 million as a contribution from the Ethiopian government). In addition to the 18 cities already involved, another 18 new cities were included in this second phase. In addition, the eight cities that received funding under the FC-UGDP project evaluated here were also integrated into ULGDP II. ULGDP II thus comprised a total of 44 cities. The approaches of ULGDP I and ULGDP II build on each other and are conceptually similar to the FC programmes (UDF and UGDP).

The WB supported the sector until 2024 with another comparable programme (Urban Infrastructure and Institutional Development Programme, UIIDP). Today, a total of 117 cities benefit from the programmes of the EZ and the World Bank. There was no direct cooperation with the German FC at programme and project level.

Furthermore, a supplementary project entitled "Leveraging Urban Spending to maximise the Benefits for the Urban Poor" was implemented in all eight UGDP programme cities. This programme was co-financed by the Bill and Melinda Gates Foundation (BMGF) and focused on paving stone roads, markets and drainage systems. Additional funds were made available to the cities to supplement the FC UGDP programme through a pro-poor performance grant for particularly poverty-oriented investments in urban infrastructure and an innovation fund for innovative approaches to urban development. The aim was to create incentives to strengthen the poverty-oriented approach to urban development of the UGDP. To this end, combined financing with the FC programme on urban development and decentralisation was agreed for approximately USD 5.2 million with a term until the end of December 2014. The GIZ component also benefited from parallel combined financing with the BMGF.

Rating summary of coherence: successful (2)

From a technical perspective, the cities benefited from the various German technical and financial cooperation interventions, which had a positive impact on their technical and administrative functions at all levels and led to an improvement in service delivery. However, the potential could not be fully exploited because there was little direct cooperation at the operational level (e.g. in the use of monitoring systems and the results of joint learning).

In terms of their direct support for cities and demand orientation, the FC UDF and UGDP financial cooperation programmes were conceptually groundbreaking for World Bank programmes. The structures, instruments and processes developed in the cities with the support of the development cooperation programmes, including those relating to accountability, were transferred to the WB's programmes and further developed. Here, too, the potential could have been exploited even more if the World Bank and FC had cooperated more closely.

Since internal coherence can be assessed as positive with minor restrictions, and external coherence can also be assessed as positive in most respects, we consider coherence to be successful overall.

Effectiveness

7. Achievement of objectives

The objective at the outcome level was to increase the use of local infrastructure and improve the administrative performance of cities (dual objective).

The following indicators were used to measure the outcome objective:

Indicator	Status at time of review	Target value at EPE (review)	Actual value at PCR	Actual value at EPE
(1) NEW: Percentage of households using the infrastructure provided.	The baseline level in the programme cities was surveyed by the consultant at the start of the programme**	+ 20%	+ 33%*	Estimated: > + 33% Target value achieved
(2) NEW: Degree of participation by the population in identifying and monitoring infrastructure.	No participation	80%		Target value achieved
(3) Proportion of fully functional structures.	No facilities	80% are fully functional 3 years after the end of the programme.	100%*	80% (based on control group of 4 cities) Target vlaue partially achieved
(4) Percentage of city administrations with funds allocated for maintenance and operation.	The initial level in the programme cities was surveyed by the consultant at the start of the programme**	80% at the end of the programme.	According to the Capital Investment Plan (CIP), required for WB financing	100% (indicator for WB financing received by all project cities)*** Target value achieved

Table 2 *: Outcome target achievement*
Source*: Own illustration.*
Note*:*
** Indicators were originally supposed to be determined three years after project completion, but this was not possible due to COVID and travel restrictions. At the time of the PCR, the increase in usage was estimated at 33%, but three measures had not yet been completed or were not yet functional. It should be noted that the ex-post evaluation was not carried out until June 2025, i.e. eight years after the programme measures were completed. The influence of the time factor on the results (actual values) cannot be reliably determined. The status might have been different if the ex-post evaluation had been carried out at the time normally scheduled after completion of the programme.*
*** No surveys by the consultant are known. Base value indicator (1) from GIZ BE 2015: 32% access in 2010, increase by 33% (PCR value) to a total of 65% by 2014; base value indicator (4): it can be assumed that no funds for operation and maintenance were included in the PA budget.*
**** The indicator was achieved in 2015 (100%, GIZ final report). Today, the annual budgets in all cities reflect the results of consultative decision-making processes; they are a prerequisite for WB financing commitments and are fulfilled by all cities.*

- Indicator 1: The indicator for infrastructure use by the population was met at all locations assessed in the random sample, with the exception of the landfill in Semera-Logia. No information is available on the market in Nekemte, which was not completed at

PCR, as it is inaccessible. The second landfill in Debre Markos was completed and is in operation. Based on current satellite images, it can be concluded that the landfill site is currently still in moderate use or no longer in use, which is plausible after approximately eight years of operation. The indicator was thus met for 11 of 13 individual measures. The proportion of households with improved use (access) is difficult to estimate at this point in time, as some of the cities have grown considerably. According to the latest survey by GIZ (Citizen Satisfaction Survey), 54% of citizens in the programme cities were satisfied with the use of the infrastructure created in 2014, at a time when less than 50% of all UGDP projects had been completed. Following completion of the infrastructure and taking into account the population growth in the cities in the meantime, it can be assumed that the increase in usage has continued to rise and now exceeds 33%. This is consistent with the impression gained on site in the four cities, where the individual measures visited are being well utilised.

- Indicator 2: In 2015, all eight programme cities had introduced participatory planning processes by means of public hearings to prioritise investment projects. The proportion of women attending the meetings averaged around 40% (GIZ final report 2015). Today, the annual budgets in all cities reflect the results of consultative decision-making processes, which are a prerequisite for WB financing commitments and are fulfilled by all cities. This is consistent with the information gathered on site during the evaluation in the four cities visited.
- With regard to the indicators for operation and maintenance (indicators 3 and 4), the results vary both between cities and between infrastructure types. During the on-site visits, it was found that the roads and drainage systems are generally maintained to an acceptable standard: they are functional, relatively clean, routinely cleaned and, in some cases, have been further expanded. Damage that had occurred in the meantime had been partially repaired in a visible manner, but no major repairs or replacements had been carried out on the outlets of the drainage channels in the cases inspected. The municipalities visited invested significantly from their own resources in the operation and maintenance of their infrastructure, but still operation and maintenance are fundamentally underfunded and cannot be carried out in full after prioritisation. At least all cities had an independently prepared Capital Investment Plan (CIP) with an explicit budget item for operation and maintenance. The existence of a CIP is a key indicator for qualifying for IDA loans from the WB programmes. All project cities have received funds from these programmes, meaning that they were able to qualify thanks to the existence of a CIP, among other things.

8. Contribution to the achievement of objectives

Outputs: Between 2012 and 2017, the following 13 infrastructure measures were implemented in eight programme cities: **Adwa – road and path drainage and cobblestone road;** Assosa: road and path drainage; Debre Markos: waste disposal (landfill and technical equipment); Gambella: cobblestone roads; **Jigjiga: road and path drainage;** Nekemte: market; **Semera: waste disposal (landfill and technical equipment)**; **Yirgalem: cobblestone roads**.

According to the final inspection report (PCR) dated 16 March 2018, all planned infrastructure measures except for three (two landfills with special vehicles and one market) were in operation (10 out of 13 individual measures). The output therefore fell slightly short of the targets. Due to travel restrictions in the region over several years, it was not possible to follow up on this. As part of the evaluation, only the individual measures marked in bold could be visited, as travel bans were in place for the other locations (Jigjiga, Yirgalem – on-site visits, Adwa, Semera – virtually via video calls, photo and video documentation).

The demand-oriented financing of municipal infrastructure projects was the focus of the FC programme. In addition, consulting services were financed to support the project executing agency in project identification, planning and implementation. All of the above outputs were delivered as planned. There are shortcomings in the use of the infrastructure by the cities and the population (see above: Semera-Logie landfill and Nekemte market, for which no information is available).

Equal access for all population groups and strata to the outputs delivered and capacities created is guaranteed without discrimination. Women benefited particularly from the infrastructure created through temporary employment in the construction of the individual measures and the subsequent commencement of business activities, as well as from improved safe access to social and church facilities.

In contrast to the waste project in Debre Markos, which was financed by FC funds from UGDP and operated appropriately, the waste project in Semera-Logia was not successful: the landfill financed by FC funds was not put into operation, and waste disposal is still carried out by dumping in illegal landfills. There are many reasons for this situation. City representatives point to the delayed completion of the landfill site, the even later delivery of the special vehicles for landfill operation, and the lack of capacity and training for the specific requirements of landfill operation. Other main reasons include the distance of the landfill site from the urban areas of the two neighbouring towns of Semera and Logia, approximately 7.8 km from the centre between the two towns and only 4.4 km from Logia, which incurs transport costs that the towns cannot afford or are unwilling to pay.

Due to their high complexity, waste projects generally require detailed location-specific planning and intensive support for the partners in the operation of the facilities, which the project was apparently unable to provide. Waste projects pose major challenges in the context of a decentralisation programme such as the one conceived in this project and were already unsuccessful in the previous UDF programme. A sector-specific approach is therefore recommended for waste projects, combining investment with national strategies and standards and offering cities comprehensive support in the construction and operation of the new facilities, ideally extending beyond the completion of construction and supply services.

There are parallels here with the WB programme ULGDP II. In that programme, 13 waste disposal sites had already been identified during project planning on the basis of project applications from programme cities. However, the ministry and the World Bank advised the city administrations not to proceed with the construction of these disposal sites, as there had already been problems with similar projects under ULGDP I.

Experience showed that comparable facilities were not used properly and were converted into rubbish dumps. For this reason, the landfills were not included in the cities' investment plans (CIPs) under ULGDP II.

Despite several enquiries by the KfW office in Addis Ababa to the implementing agency and other bodies, no information is available on the condition and operation of the market in Nekemte, which cannot be visited due to travel restrictions.

The amount of municipal funding, which consists of own revenue from taxes and services, small government grants and, for the most part, programmes from development partners, is insufficient in relation to the high rate of urbanisation. This is particularly evident in the case of repairs and maintenance, which cannot be carried out to the extent necessary after prioritisation.

The capacities of local authorities in terms of planning, construction and maintenance of urban infrastructure (original objective at outcome level) have increased significantly. This is particularly evident in the sharp increase in the number of investment projects carried out by the municipalities themselves, which is largely attributable to the World Bank's ULGDP loans, from which all eight UGDP cities continue to benefit to this day. It is not possible to clearly attribute the effects to the UGDP projects, as other comparable projects, often on a larger scale, have been added from the WB programmes. The development of institutional capacities and infrastructure implementation in all cities that benefited from the WB programmes (most recently 117 cities) was measured as part of an annual performance assessment (APA). However, the predominantly positive results in these reports do not always reflect the actual capacities available, as the majority of the Disbursement Link Indicators (DLIs)[1] were of a technical and procedural nature and proved less suitable for capturing the specific capacities available. In addition, some cities provided false information in order to qualify for WB funding.

9. Quality of implementation

During the final inspection (FI), the quality of the construction work for the sites was generally appraised as adequate. However, with regard to the planning services provided, deficiencies were identified which limited the functionality of the project measures in individual cases. This concerned, for example, the choice of location for the landfill site in Semera-Logia, which, according to statements by city representatives, did not take sufficient account of the distances between the two sub-cities of Semera and Logia and the additional distance to the landfill site, with the result that the landfill site was not used. It also affected the hydraulic design of drainage channels, which in some cases led to undermining of drainage channels, resulting in damage to the channels over the last 10-30 metres. These are erosion phenomena and conditional damage that can occur after more than 10 years, especially in critical terrain situations with steep gradients.

10. Unintended effects (positive or negative)

During site visits and interviews, no unintended positive or negative effects were identified at the individual project level. In Semera-Logia, where the new landfill did not go into operation, waste disposal continued according to the old pattern without an organised landfill. It can be assumed that the negative environmental impact increased due to the continued use of illegal dumpsites and increased waste volumes. Theoretically, the newly built, unused landfill in Semera-Logia could not have had any negative effects.

Rating summary of effectiveness: moderately successful (3)

The outcome target was achieved for 11 of 13 individual measures (85% of the planned individual measures). The four defined indicators were appraised as fulfilled or partially fulfilled. However, a comparatively expensive investment is not being used (Semera-Logia landfill site, accounting for 12% of the investment costs) and, despite repeated enquiries, no information is

[1] Disbursement Link Indicators (DLI): Proof that these indicators have been achieved is a prerequisite for the disbursement of WB loans.

available regarding the use of the market in the inaccessible town of Nekemte. The overall effectiveness of the programme is therefore assessed as limited success.

Efficiency

11. Production efficiency

A total of 10 road and drainage projects, 2 waste disposal sites and 1 market were implemented. The largest share of the total investment volume was accounted for by road and drainage measures, while the highest individual investments were made in the waste disposal sites and the market. The specific investment costs were in line with industry standards (88,000-220,000 EUR per km of drainage channel depending on the terrain and local conditions, approx. 220,000 EUR per km of cobblestone road using labour-intensive construction methods, approx. 5,000 EUR per market stall in a 4-storey building with social facilities, 5 EUR per m3 of waste deposited in small landfills). The quality of the construction work can be appraised as adequate for the respective locations overall.

With regard to the planned investments at the project sites (including equipment and local consulting services for detailed planning and construction supervision), the actual costs were approximately 15% below the originally estimated costs. The lower-than-expected investment costs were due, on the one hand, to the specified regional and proportionally balanced distribution of investment funds among the cities, which did not allow for the offsetting of additional and reduced costs between project cities, and, on the other hand, to the limited total costs of an individual project due to the availability of the programme cities' own funds (20% contribution by the cities to the costs of the infrastructure measures).

In contrast, the costs for international consulting services (including training measures and contingent items) significantly exceeded the originally calculated amount. This was due to the extension of the contract term by approximately 28 months to a total of approximately 76 months (until April 2017) and the price escalation clause applicable to the extension. As a result, the implementation consultant's share of the total project costs was disproportionately high at 25%. Overall, the total costs of EUR 11.77 million were approximately EUR 0.5 million below the planned costs of EUR 12.3 million.

The delays in implementation arose for a variety of reasons. These included the limited capacities of the city administrations and local construction companies and engineering firms, high staff turnover in the programme cities, newly established participatory planning processes, prolonged tendering processes for planning and construction services, underestimated weather-related influences, the partial unavailability of essential building materials, and late payments to construction companies.

The projects in Gambella, Nekemte and Jigjiga were affected by political conflicts that led to increased unrest in the Oromia and Amhara regions from the end of 2015 onwards. Since November 2015, there has been increased unrest in Oromia, and since around mid-2016 also in Amhara, prompting the government to declare a state of emergency in October 2016. This political conflict hampered the implementation of projects still ongoing at that time in Gambella, Nekemte and Jigjiga. Construction work was interrupted and the MUDH was no longer able to travel to the project sites. This led to delays in the completion of the individual projects.

At the central partner level, the Ministry's implementation unit proved to be weak. Hesitant and bureaucratic management and a lack of decision-making willingness also led to delays there, which affected the transfer of project funds to the cities when national fiscal processes were applied, which in turn had a negative impact on the timely provision of the cities' own contributions. All financed construction, supply and consulting services were awarded to private companies in compliance with national procurement regulations. The contractual partners in this case were the respective city administrations and the construction and planning companies. With regard to the delays in tendering and awarding contracts, it is positive to note that the municipal administrations of the programme cities carried out all procurement procedures for construction, supply and consulting services independently on the basis of national procedures, supported by the implementation consultant. In some cases, planning and tendering documents were prepared using the respective cities' own resources.

Overall, the delay in the FC programme up to the PCR was 28 months, i.e. the actual implementation period was 76 months compared to an estimate of 48 months in the programme review (target from January 2011 to December 2014, according to the project proposal (PP) data sheet, versus actual from January 2011 to April 2017). Due to the considerable delays in project implementation, with the associated cost increases and delayed usability of the infrastructure , the Production efficiency of the programme is considered to be rather unsuccessful.

12. Allocation efficiency

The project measures implemented built on the experience of the previous FC programme UDF, which was carried out in medium-sized and larger cities. In contrast, the UGDP evaluated here was specifically designed to address the needs of smaller cities and regional capitals in peripheral locations, which had significant deficits, particularly in the area of public infrastructure, and very weak administrative and technical capacities. The allocation for the individual projects was based on the priorities that were set through participatory urban planning processes in the programme cities with the involvement of the population. In our view, this allocation worked well, except for the poor planning of the landfill in Semera-Logia. After completion of the FC programme, all eight project cities were able to develop successful project applications for funding from the World Bank's performance-based programmes ULGDP and UIIDP. They met the eligibility criteria and all received IDA loans (forwarded by the government to the cities as grants) to finance public infrastructure and were able, albeit with some restrictions, to subsequently implement these individual projects (see Sustainability).

No individual measures specifically addressing gender impact potential were implemented as part of the FC programme, so no gender-disaggregated data was collected. Accordingly, it is not possible to differentiate between the gender results and the general results of the FC measure. In contrast, the WB reports on comparable programmes describe and quantify the positive gender impacts: women accounted for 45% of participants in labour-intensive employment measures, and women's participation in decision-making processes was strengthened, reaching a cumulative average of 52%. In addition, the WB programmes recorded a remarkable increase in the proportion of women, both at the specialist and management levels (in 2024, 47.66 per cent of public sector specialists and 44.67 per cent of management positions in city administrations were held by women).

The allocation mechanism applied was therefore in line with national decentralisation priorities, even for slightly smaller cities than in the UDF, and is therefore appraised as appropriate. The municipal administrations and the population continue to benefit from the various infrastructure measures implemented with FC funds. The disposition fund procedure has proven to be efficient for this type of project. In summary, the allocation efficiency is considered successful.

Rating summary of efficiency: moderately successful (3)

Production efficiency is appraised as rather unsuccessful, particularly due to the considerable delays in project implementation, which led to significant cost increases in some cases and delayed usability of the infrastructure. Allocation efficiency was comparatively successful. The effects achieved could have been increased by alternative measures (e.g. at the Semera-Logia landfill site), but this cannot be proven with certainty due to the long period between the planning phase and EPE, given the physical and socio-economic developments that have been observed, some of which are significant. Overall, efficiency is appraised as limited success.

Impact

13. Overarching developmental changes

The objective adjusted within the framework of the EPE is: The programme contributes to improving the living conditions of the predominantly poor population.

The following indicators were used to measure the impact objective:

Indicator	Status at time of appraisal	Target value at EPE (appraisal)	Actual value at PCR	Actual value at EPE
(1) Percentage of users in the project cities receiving funding who are satisfied with the effects of the services/basic infrastructure financed by the FC.	19%*	60%	54% (2014) *	> 60% ** Target value achieved
(2) NEW: Percentage of cities that have increased their own revenues by 10% compared to the previous year.***	0	70%	No information	Target value achieved

(3) Percentage of mayors of member cities who confirm that the local and international experiences of other cities have been useful for managing their local development.	0	50% of mayors of all UGDP cities confirm satisfaction	All UGDP cities (2014)	Target value achieved ****

***Table** 3: Impact target achievement*
***Source**: Own illustration.*
***Note**:*
** from GIZ Citizen Satisfaction Survey 2010/2014*
*** A steady increase in satisfaction was measured until 2014 (GIZ Citizen Satisfaction Survey 2010/2014, 54% in 2014); not all measures had been completed at that point in time. Satisfaction > 60% based on estimates following site visits by EPE, including all infrastructure measures funded until 2025, including WB programmes)*
**** WB has an indicator for this in ULGDP II: 'ULG that achieve an increase of own source municipal revenue of at least 10 per cent over the previous year', measured from 2014-19. This applies to 34 of 44 cities. Cities that do not meet this indicator are excluded from the programme. The indicator is also included in the follow-up programme UIIDP, where it is met by 104 out of 117 cities. However, disaggregated figures on the cities financed by FC funds are not available.*
***** In 2014, the Ethiopian Cities Association had 28 member cities (GIZ BE). Mayors or city managers confirmed that they had introduced at least two good practices in their local context.*

The indicators used to measure the achievement of objectives at the level of the joint German development programme had already been almost (indicator 1) or fully achieved (last Citizen Satisfaction Survey GIZ, 2014) in 2014. However, no current data is available. It should also be noted that, within the framework of UGDP, only 1-3 infrastructure projects per city were implemented in two selection and implementation phases (e.g. drainage and roads or markets or landfills), with the measures from the first round largely completed in 2014. However, access and satisfaction, in relation to the entire urban population, vary from city to city due to the different number of measures and the time of completion. It should also be noted that this evaluation took place only about eight years after the final inspection due to years of travel restrictions. During this period, some of the cities underwent significant structural and demographic changes. An **attribution gap** therefore remains, particularly in those cities where rapid urban development has outpaced the provision of adequate local infrastructure. In Jigjiga, for example, a former project road with a drainage channel has just been upgraded to a widened asphalt road with an enlarged drainage channel. An attribution gap exists in particular with regard to differentiating between the effects a) caused by FC interventions under UGDP and b) by comparable individual projects subsequently implemented in the same cities, financed by WB programmes.

14. Contribution to overarching intended developmental changes

Overall, citizen participation in the identification of priority projects means that these individual projects are generally tailored to the needs of the population and achieve positive effects. In the cities visited, the participants in the discussions expressed a high level of satisfaction with the project measures. In their assessment, the individual projects make a noticeable contribution to improving their living conditions. A considerable number of temporary (during the construction phase) and permanent jobs were created in each city (road construction and maintenance, drainage channels, market square cleaning, trade, waste collection), transport costs were reduced and neighbourhoods were upgraded thanks to roads paved with FC funds. The drainage channels prevent or reduce flooding and, together with waste collection, help to reduce the health effects of seasonal flooding, especially malaria and diarrhoeal diseases. The FC programme has boosted economic activity and increased income for small businesses through new employment and income opportunities, as was evident during the project visits. According to the interviewees, women benefited significantly from the jobs and economic activities created. The cities have also made their own efforts to increase their revenues by up to 30%, such as the partial introduction of a new property tax (the property tax process is lengthy and ongoing).

15. Contribution to overarching unintended developmental changes

For the most part, no contributions to unintended changes could be identified. One exception is the individual measure for waste management in Semera-Logia, where considerable deficits were identified. The new regulated landfill site in Semera-Logia has not yet been used. The continuation of traditional methods of waste disposal, namely the use of open dumps, poses environmental and health risks. According to their own statements, the cities and the waste committees responsible for waste collection could not afford the fuel costs for transport. Although this does not result in any unintended negative environmental and health effects from the project itself, it has also meant that the existing health risks posed by unregulated waste disposal could not be reduced. It must be assumed that these risks have been exacerbated by increased waste volumes.

Rating summary of impact: moderately successful (3)

According to the GIZ Citizen Satisfaction Survey, the positive development policy changes to which the FC programme contributed led to a steady increase in the population's satisfaction with municipal services by 2014. The cities' own revenues increased by up to 30% during and after the implementation of the FC programme. Based on these effects, it can be concluded that there has been an overall improvement in living conditions, at least for parts of the population.

However, the current situation presents a mixed picture: due to strong population growth in some cities, which the capacities of the city administrations and the expansion of infrastructure have been unable to keep pace with, the scope and quality of services have declined. This applies, for example, to the city of Jigjiga, which has grown the fastest of the project cities. It can be assumed that, from today's perspective, living conditions have not improved for parts of the population. For this reason, the overall overarching developmental impacts are appraised as having had limited success.

Sustainability

16. Capacities of beneficiaries and stakeholders

The infrastructure inspected during the site visits (road and path drainage systems, cobblestone streets, a landfill site in Semera (virtual)) has been in operation for between eight and eleven years. During the site visits, the impression was gained that the municipal authorities and the target group have a high level of ownership. The cities are now largely able to plan and implement infrastructure projects independently in a participatory manner, including the associated operation and maintenance work, while at the same time improving their financial management. The site visits showed that management and specialist positions in the municipal administrations are filled with qualified personnel, and staff turnover in these cities is noticeably lower than was reported at the time of project implementation. The population is partially involved in maintenance work, with the Urban Productive Safety Net programme administered by WB providing incentives through instruments such as Cash for Work.

The eight FC cities were able to increase their financial resources, on the one hand by increasing their own revenues (by up to 30% on average over the past 4-5 years) and on the other hand through the financing granted for infrastructure and maintenance from WB programmes. Routine maintenance measures were carried out in the case of the infrastructure measures visited. The proof of operating and maintenance financing via special accounts required in the special agreements was provided, and the funds reserved for this purpose were increased in almost all project cities to more than the 5% initially required in the FC programme and later to 10% of the investment costs in the WB programmes. Nevertheless, maintenance poses a major challenge due to generally tight budgets and thus represents a risk to sustainability. Despite the sometimes considerable increase in own revenues, municipal budgets still do not cover costs, meaning that major repairs and necessary renovations to parts of the infrastructure cannot be carried out. This was also evident during site visits, where various types of damage were found at the outlets of drainage channels, requiring extensive repair work or, in some cases, complete replacement of the affected components. In such cases, cities often prioritise upcoming repairs according to their urgency and are therefore only able to carry out some of the necessary measures.

The replication of almost all FC-financed infrastructure types within the framework of the WB ULGDP/UIIDP programmes, while continuing institutional support, further strengthens the sustainability of the FC programme evaluated here. In discussions, the municipalities confirmed their extensive independence from the central government in terms of operating and maintenance costs, using their own revenues.

17. Contribution to supporting sustainable capacities

In particular, through broad institutional and technical support, on the one hand through the measures implemented by the TC to strengthen planning and administrative capacities, and on the other hand through the implementation consultant, the FC programme has contributed to improving the cities' ability to ensure the positive effects of the programme over time. Based on the final reports now available on the WB programmes ULGDP II and UIIDP, the WB assumes that capacities in the cities vary greatly. The WB therefore points out risks and considers ongoing support and training for municipal administration staff to be essential, particularly to ensure the effective implementation of operating and maintenance budgets. Ongoing reliable financial support for cities in expanding the public infrastructure for which they are responsible, as well as efficient use of resources, are crucial for the sustainable success of urban development programmes. Despite a noticeable increase in own revenues and improved financial planning, to which the FC programme has contributed, there is still a shortfall in funding for ongoing operating and maintenance costs due to the equally growing investment requirements.

18. Durability of impacts over time

UDGP investments were extended to 117 municipalities under the WB programmes ULGDP I and II and UIIDP, which facilitated the achievement of the project objectives but at the same time made it more difficult to carry out the appraisal of sustainability. This is because the WB programmes created a certain degree of donor dependency through high investment contributions, which also included maintenance financing, and attempts were made to limit this again by increasing own contributions in later phases. The WB's last programme in the urban development sector expired in 2023. According to current information, the WB will not launch a new comparable follow-up programme. A key reason for this is the government's approach within the framework of its own urban development programme, "Urban Corridors", which involves the nationwide construction of major transport axes, known as corridors, for which thousands of people have been displaced from their homes and small businesses. The WB's future involvement will now take the form of Development Policy Finance, a type of budget financing with a total volume of USD 3 billion. The WB is holding talks with the Ethiopian government to ensure that part of the budget will continue to be available for urban infrastructure in the future. However, it is to be expected that support for cities in expanding their public infrastructure will not continue to the same extent as before. This slightly increases the sustainability risk.

Rating summary of sustainability: moderately successful (3)

The capacities of the beneficiaries and stakeholders to operate and maintain the built infrastructure are in principle in place. The FC measures to strengthen institutional, financial and technical capacities have made an important contribution to this. The individual measures that have been implemented are largely used by the population. One problem is the robust and durable maintenance of the infrastructure, as the budgets of the cities responsible for this, despite increased own revenues, annual planning, and specific budget items, are not sufficient to implement all necessary maintenance measures. Following the completion of the WB programmes in the urban development sector, it is to be expected that there will be cutbacks in the construction and maintenance of public infrastructure in Ethiopia's cities, as the WB co-financed the cities' ongoing maintenance costs, which also affected the eight cities supported by FC funds. This increases the sustainability risk. Overall, we assess sustainability as having been only partially successful.

Overall assessment: moderately successful (3)

Overall, the significantly strengthened capacities and resources of the municipal administrations and the positive development policy effects resulting from the use of the infrastructure provided can be appraised as positive. On the other hand, there are sustainability risks associated with the operation and maintenance of the infrastructure. One individual measure (Semera-Logia landfill) was not put into operation because the cities' budgets were insufficient. There were noticeable limitations in terms of Production efficiency. Overall, the FC programme is appraised as limited success.

Contribution to Agenda 2030

Overall, the FC programme primarily contributes to the achievement of Sustainable Development Goal (SDG) 1 (no poverty), SDG 8 (decent work and economic growth), SDG 11 (making cities and settlements inclusive, safe, resilient and sustainable) and SDG 16 (peace, justice and strong institutions). Improving living conditions, including poverty reduction, and strengthening institutions are anchored as goals at the impact and outcome levels. In addition, the implementation of infrastructure measures focused on those measures that are particularly suitable for promoting local economic development, which takes SDG 8 into account. At the level of individual measures, the programme also contributed to the achievement of SDG 3 (good health and well-being) and SDG 6 (clean water and sanitation/waste). Through the allocation mechanism chosen for distributing funds to the cities, the measure also contributes to SDG 10 (reduced inequalities).

The programme was designed to use existing systems and structures (financial transfers, tenders, accountability). In addition, the measure was implemented on a collaborative basis and in coordination with other donors (joint FC/TC programme, mandate from BMGF, alignment and complementarity with WB programmes). It followed a holistic approach to sustainable development, focusing primarily on the social and economic dimensions. The ecological dimension is addressed in part within the framework of individual measures. No unintended positive or negative effects could be attributed to the programme, except at the level of an individual measure in the waste sector.

The measure is consistent with international norms and standards on the participation of particularly disadvantaged groups. An important starting point for the participation of the population and disadvantaged groups is the participatory prioritisation of infrastructure measures in the course of drawing up urban development plans. According to national guidelines, these consultations are open to everyone. As described under Effectiveness and Impact, the programme has achieved immediately tangible positive effects at the outcome and impact level for the target group. There is no indication that these effects are not also noticeable at the level of particularly disadvantaged groups. However, no disaggregated data is available on this. In addition, the FC programme has also created income opportunities for vulnerable and disadvantaged sections of the target group, which in turn can lead to a fundamental strengthening of resilience.

The ability to connect to follow-up programmes from the World Bank has proven to be very positive and has enabled a significant increase in municipal financing. Through performance-based approaches, 117 cities received grants over a period of 15 years to finance public infrastructure and institutional strengthening.

Methodology

Evaluation methodology

The ex-post evaluation follows the methodology of a rapid appraisal, i.e. a data-based, qualitative contribution analysis, and represents an expert opinion. The project is attributed effects based on plausibility considerations, which are based on a careful analysis of documents, data, facts and impressions. Where possible, this also includes the use of digital data sources and modern techniques (e.g. satellite data, online surveys, geocoding). The causes of any contradictory information are investigated, attempts are made to resolve them, and the assessment is based on statements that are confirmed by several sources of information (triangulation), where possible.

The analysis of the effects is based on assumed causal relationships, documented in the impact matrix developed during the project appraisal and updated during the ex-post evaluation, if necessary. The evaluation report sets out arguments as to why certain influencing factors were identified for the effects observed and why the project under review probably made a certain contribution (contribution analysis). The context of the development measure is taken into account in terms of its influence on the results. The conclusions are put into relation to the availability and quality of the data basis. An evaluation concept serves as the reference framework for the evaluation.

The method offers a balanced cost-benefit ratio for project evaluations, on average, with a balance between knowledge gain and evaluation effort, and allows for a systematic assessment of the effectiveness of DFG projects across all project evaluations. Individual ex-post evaluations cannot therefore meet the requirements of a scientific assessment in the sense of a clear causal analysis.

The main objective of the evaluations (knowledge interest) is to measure impacts, provide accountability, promote transparency and enable institutional learning.

Type of evaluation:

Trip to the project area from 9 to 18 June 2025; on-site visits to the programme cities of Jigjiga and Yirgalem and virtual assessments in the cities of Adwa and Semera-Logia; 8 of a total of 13 individual measures were assessed.

Key questions of the evaluation according to the evaluation concept:

- Were the measures accepted and did they contribute to improving living conditions?
- Use of the measures: number of market stalls/operators, number of buyers, cleanliness of towns (subjective), positive environmental effects (water, air and soil analyses; subjective), fewer floods (number), more road users (number)
- Positive development in the number of new jobs, population income, city tax revenues and other fees (increase), education (number of pupils, fewer dropouts), health (fewer illnesses/visits to clinics)
- User satisfaction (subjective)
- Was the participation process (local participation procedure) successful?
- Number of groups and individuals involved in the consultation process?
- Role of women (% of women in the process) and vulnerable groups/individuals?
- Do citizens/the population feel adequately involved? Were their concerns/interests taken into account?
- Are consultative planning procedures institutionally established in the cities?
- Were the project objectives achieved (determination of target achievement based on indicators: see target system)?
- Efficiency of the use of funds?
- Have the right measures been financed?
- To what extent did the individual measures actually correspond to the priorities of the participatory urban planning process?
- How did the district administrations and users contribute financially to the individual measures (own contributions)?
- Have the bottlenecks in the city administrations improved: capacities, processes in planning/implementation/operation, financial viability?

- How do city administrations currently finance and implement the necessary maintenance measures?
- What are the current needs?

Non-public (internal) documents

Internal project documents such as PP and PCR, BE, RKV, strategy papers, context, country and sector analyses, impact evaluations by GIZ and WB, comparable evaluations, media reports, reports by WB.

Directory of public sources

World Bank (2020), Implementation Completion and Results Report, Ethiopia Urban Local Government Institutional Development Programme (ULGDP II)

World Bank (2020), Consultancy service to undertake final evaluation of ULGDP II, Inception Report

World Bank (2024), Implementation Completion and Results Report, Ethiopia Urban Institutional and Infrastructure Development Programme (UIIDP) – Programme for Results

World Bank (2023), Annual Performance Assessment Report (APA), carried out each year by an independent consultant, procured by MUDH

World Bank (2015), 4th Ethiopia Economic Update Overcoming Constraints in the Manufacturing Sector

ULG Yirgalem (2025), Capital Investment Plan (CIP), to be prepared annually by each city, verified using the example of Yirgalem

Government of Ethiopia (GoE - National Planning Commission) (2011 and 2016), Growth and Transformation Plan I and II (GTP I/II) (2011-2015, 2016-2020)

GTAI-German Trade and Invest (2024), Economic Data Ethiopia

BMZ (2025), Cooperation with Ethiopia, Internet research: various country and sector papers

KfW/GIZ (2010-2014), project documents: programme proposal, module proposals, reports, PCR reports, back to office reports, consultant reports, various correspondence

KfW-IDEaL (2025), various EPEs on comparable programmes:

- (2018) Programme for capacity building in the government and administrative system (UDF I/II)
- (2018) Programme for securing basic social services (PBS I/II/III)
- (2015) Urban water supply and wastewater disposal
- (2019) Infrastructure Fund for Secondary Cities II, Benin
- (2020) Programme to Support Decentralisation and Local Development – FADEC I, Benin
- (2021) District Development Fund I, Ghana
- (2022) Programme to Support Decentralisation and Good Governance – RLDSF, Rwanda

Data sources and analysis tools

On-site data collection, surveys, WB reports

Project sites visited

Project cities Jigjiga and Yirgalem (in person), Adwa and Semera-Logia (virtually: video call and photo/video documentation)

Interview partners and modality (in person, virtual/by telephone, in writing)

Project executing agency, target group, other donors (WB), cooperation partner GIZ

The following aspects limited the evaluation

- Limited number of project cities visited (two visited in person plus one project city from the predecessor project UDF, two virtual interviews and photo/video documentation of the infrastructure) due to the security situation and travel restrictions in the cities of the western regions of Assosa, Debre Markos, Gambella and Nekemte.
- EPE took place 8 years after completion of the FC programme due to travel restrictions and COVID, resulting in high attribution gaps (2020 random sample).

Assessment methodology

A six-point scale is used to assess the project according to OECD DAC criteria, with the exception of the sustainability criterion. The scale values are as follows:

Level 1 Very successful: results significantly above expectations

Level 2 Successful: results fully in line with expectations, without significant shortcomings

Level 3 Moderately successful: results below expectations, but positive results predominate

Level 4 Moderately unsuccessful: significantly below expectations and negative results dominate despite recognisable positive results

Level 5 Unsuccessful: despite some positive partial results, the negative results clearly dominate

Level 6 Highly unsuccessful: the project is useless or the situation has deteriorated

The overall rating on the six-point scale is based on a project-specific weighting of the six individual criteria. Levels 1–3 of the overall rating indicate a ‘successful’ project, while levels 4–6 indicate an ‘unsuccessful’ project. It should be noted that a project can generally only be classified as "successful" in terms of development policy if both the achievement of objectives at the outcome level (effectiveness) and impact level, as well as sustainability, are rated at least as "moderately successful " (level 3).

Imprint

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