

11th EDF NIP for Ethiopia – Summary

Despite a decade of rapid economic growth and poverty reduction, Ethiopia still ranks among the least developed countries in the world. Its development challenges include: ensuring food security, curbing the pressure on natural resources, sustaining fast, broad-based and transformative economic growth, promoting basic services and gender equity, expanding democratisation and good governance; and fostering stability of the Horn of Africa.

The 11th EDF NIP for Ethiopia constitutes the EU response to Ethiopia's medium term development vision outlined in the Growth and Transformation Plan (GTP) and complemented by the Climate Resilient and Green Economy (CRGE) strategy. The GTP sets out that by continuing to pursue high economic growth, maintaining macro-economic stability and building a stable democratic developmental state, Ethiopia intends to achieve its Millennium Development Goals by 2015 and reach middle-income status by 2020-23. The CRGE strategy indicates how the development goals can be reached while maintaining greenhouse gas emissions in 2030 to its 2011 levels. The 11th EDF NIP is aligned to the broad objectives of GTP and CRGE, and to the specific objectives of sector plans in the focal areas of cooperation. Cooperation will be built around three focal sectors: (i) sustainable agriculture and food security, (ii) health, and (iii) roads (phasing out) and energy (phasing in).

The indicative allocation to Ethiopia will be EUR 745 million in programmable funds, subdivided as follows:

Focal Sector 1: Sustainable Agriculture and Food Security	EUR 252.4 million	33.9%
Focal Sector 2: Health	EUR 200.0 million	26.8%
Focal sector 3: Roads and transition to energy	EUR 230.0 million	30.9%
Cross-cutting: Civil Society and synergetic governance	EUR 52.0 million	7.0%
Cross-cutting: Support measures	EUR 10.6 million	1.4%
Total	EUR 745.million	100%

Support to agriculture and food security will strike a balance between agricultural production and marketing, natural resource management, and resilience of vulnerable groups. In health, system-wide strengthening (quantity and quality) will be complemented by addressing social and environmental determinants of health. The health and agriculture/food security sectors will –in combination– address nutrition and resilience challenges in the country. In the third focal area, there will be a concomitant phasing out of long-term road sector support and a phasing in of the energy sector. The latter will cover assistance to renewable energy production, to expansion of energy access, and to improvements in efficiency. Part of the assistance in energy is foreseen to take the form of blending. Support to the focal sectors is underpinned and cemented through cross-cutting support for governance and civil society, with due attention to participation, empowerment and accountability.

The relevance of the NIP will be assessed in 2016 when a review will address the need for re-alignment to the GTP's successor program (covering the 2015/16-2020/21 period). This review will also allow for a critical re-assessment of expected results, indicators and targets.



National Indicative Programme

for Ethiopia

2014 to 2020

Final Draft

14 March 2014

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Abbreviations and Acronyms

ANC	Ante-Natal Care
APR	Annual Progress Report
CFI	Chronically Food Insecure
CRGE	Climate Resilient and Green Economy
CSO	Civil Society Organisation
DAG	Development Assistance Group
ECHO	European Commission Humanitarian Office
EDF	European Development Fund
EDHS	Ethiopian Demographic and Health Survey
EEPCO	Ethiopian Electric Power Corporation
EFY	Ethiopian Fiscal Year
EIB	European Investment Bank
EPA	Economic Partnership Agreement
ER	Expected Result
ERA	Ethiopia Roads Authority
ESA-IO	Eastern and Southern Africa and Indian Ocean
EU	European Union
GAVI	Global Alliance for Vaccines and Immunisation
GDP	Gross Domestic Product
GP	General Practitioner
GTP	Growth and Transformation Plan
GWh	Giga Watt hour
ha	hectare
HICES	Household Income and Expenditure Survey
HMIS	Health Management Information System
HoPR	House of People's Representatives
HSDP	Health sector development Program
IGAD	Intergovernmental Authority on Development
IHP	International Health Partnership
IMF	International Monetary Fund
LRRD	Linking Relief, Rehabilitation and Development
MDG	Millennium Development Goal
MoA	Ministry of Agriculture
MW	Mega Watt
MWIE	Ministry of Water, Irrigation and Energy
NIP	National Indicative Programme
NNP	National Nutrition Programme
OIE	World Organisation for Animal Health
PBS	Promotion of Basic Services
PEFA	Public Expenditure and Financial Accountability
PIF	Policy Investment Framework
PSNP	Productive Safety Net Programme
PV	Photo-Voltaic
qt	quintal
REDD	Reducing Emissions from Deforestation and Forest Degradation
RIP	Regional Indicative Programme
RSDP	Road Sector Development Program
UN	United Nations
URRAP	Universal Rural Road Access Program
USD	United States Dollar
WB	World Bank
WHO	World Health Organisation

1. The overall lines for the EU response

1.1. Strategic objectives of the EU's relationship with Ethiopia.

Ethiopia is a low-income country with a per capita GDP of USD 409 in 2012¹. It ranks 173 out of 186 countries in the Human Development Index for 2013. With pro-poor expenditures representing around 70% of government disbursements in 2011/12, the Government of Ethiopia continues to show strong commitment to human and social development which helped the country make impressive progress towards its Millennium Development Goals (MDGs). Ethiopia reduced the proportion of its population living below the poverty line from 38.7% in 2004/5 to 29.6 % in 2010/11. In this period Ethiopia also experienced rapid and sustained economic growth averaging around 10.6 percent a year². Development challenges include: ensuring food security, curbing the pressure on natural resources, sustaining fast, broad-based and transformative economic growth, promoting basic services and gender equity, further expanding democratisation and good governance; and fostering stability of the Horn of Africa.

The Ethiopian **development vision** underlying its **Growth and Transformation Plan (GTP)** is “*to become a country where democratic rule, good governance and social justice reigns, upon the involvement and free will of its people and once extricating itself from poverty to reach the level of a middle income economy as of 2020-2023*”. Related to economic and social development the vision includes “*building an economy which has a modern and productive agricultural sector with enhanced technology and an industrial sector that plays a leading role in the economy sustaining economic development and securing social justice and increasing per capita income of the citizens*”

The GTP covers the period 2010/11 - 2014/15. By continuing to pursue high economic growth that is to average 11% annually, maintaining macro-economic stability and building a stable democratic developmental state, Ethiopia intends to achieve its MDGs by 2015 and reach middle-income status by 2020-23. To progress towards these objectives, the GTP identified 7 strategic pillars which are 1) sustain rapid growth; 2) emphasise agriculture; 3) promote industrialisation; 4) invest in infrastructure; 5) enhance social development; 6) strengthen governance; and 7) empower youth and women.

In complement to the GTP, showing commitment to counteracting the effects of climate change, the Government adopted in 2011 a Climate Resilience Green Economy (CRGE) strategy outlining its approach to adhere to its development goals while maintaining greenhouse gas emissions in 2030 to its 2011 levels.

This National Indicative Program (NIP) covers the 2014-2020 period and constitutes the response of the EU to Ethiopia's medium term development vision outlined in the GTP and complemented by the CRGE, and is aligned to its broad objectives. Its strategic focus is to support Ethiopia in making decisive progress in sustainable socio-economic development. It will do that by raising competitiveness and increasing both public and private investment in support of rapid economic growth, enhancing food security, reducing chronic malnutrition, building the resilience of vulnerable people including climate change related shocks and achieving sustainable agricultural transformation and growth, increasing access to, as well as the quality of health services and reducing the country's infrastructure deficit. This will be complemented by improving democratic governance and strengthening the country's institutions, while supporting environmental programs. Ethiopian civil society will play an important role in both the further elaboration and implementation of the NIP.

¹ Ref. annex 1-A

² MOFED, Annual Progress Report 2013

The NIP is coherent with the EU+ (EU, Member States and Norway) Joint Cooperation Strategy³ adopted in January 2013. In its joint response to the GTP, the EU+ commits itself to improve the impact and effectiveness of EU+ development assistance through improved alignment, harmonisation, managing for results (common results framework), predictability and mutual accountability. In doing so, the NIP is also coherent with the 'European Consensus for Development' and the EU 'Agenda for Change', including its ambition to increase the impact of EU development assistance, as well as its focus on helping reduce developing countries' exposure to global shocks such as climate change, ecosystem and resource degradation.

The focal sectors addressed by the NIP have been identified in consistency and complementarity with the support that the country will be able to receive under the Regional Indicative Programme (RIP) for Eastern and Southern Africa and the Indian Ocean (ESA-IO). The main objective of this Programme is to support peace and stability, natural resources management, trade and regional economic integration, including infrastructures, which would also address the needs arising from future Economic Partnership Agreement (EPA) implementation in a holistic way. Individual Member States of Regional Organisations may receive direct financing from the RIP for projects with a regional dimension based on the regional policies and strategies of their reference Regional Organisation.

The NIP covers the full 7-year period of the 11th EDF. It takes into account the long-term vision of Ethiopia and the continuity of its development policies. The relevance of its thrust will be assessed in 2016 when a review of the Program will address the need for its re-alignment to the GTP's successor program that will cover the 2015/16-2020/21 period. The review will also allow for a critical re-assessment of expected results, indicators and targets. Current targets for 2020 are tentative and include some current GTP targets transposed to 2020. The 2016 review will also benefit from the Post-2015 MDG process and from the common assessment of the successor GTP laid out in the Joint EU+ Cooperation Strategy.

While the NIP focuses on development cooperation, where, increasingly and within the framework of the Joint Programming process, the EU works along with its Member States in support to the country's sustainable economic growth, social development, democratic governance and stability, it should be underlined that the EU's partnership with Ethiopia is increasingly rich and comprehensive. In the economic sphere, the EU is currently the country's most important trade partner and it is among the key investors. The EU aims to further build on and deepen EU-Ethiopia relations in this domain, including through further consolidating the work of the recently established EU Business Forum to Ethiopia – a network of the 300 EU companies active in Ethiopia. The EU and Ethiopia have also established a sound basis for policy dialogue on issues of mutual interest, including in the framework of well-established and substantive discussions held under Article 8 of the Cotonou Agreement. The latter has covered issues of immediate concern and key to Ethiopia's development agenda, including economic development and the role of the private sector, media issues, religion, food security, democratic governance, human rights and regional stability.

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/ or its Own Resources.

1.2. Choice of sectors

The GTP (and in complement the CRGE) is based on a transformational vision going beyond 2015, with a focus on rapid but carbon neutral economic growth along with a strong social component (attaining MDGs), building on existing sector policies and addressing governance issues.

Taking into account the GTP priorities and the medium-term development objectives of the Government, as well as the priorities deriving from the EUs "Agenda for Change", the EU+ Joint

³ European Union 'Joint Cooperation Strategy for Ethiopia, 27 January 2013

Cooperation Strategy, and looking at the EU's comparative advantage, complementarity with EU+ partners and coherence with regional programs, the following focal sectors have been selected by the Government and the EU and validated in a series of consultations:

- **Sustainable Agriculture and Food Security**
- **Health**
- **Roads (phasing out) and Energy (phasing in)**

An envelope is also set aside to **support civil society and synergetic governance** to complement and sustain results in the three focal sectors. The EU has a distinct comparative advantage in this area. As the European Union has committed to ensure that 75 percent of its aid contributes to gender equality and women empowerment, the focal sectors will be gender-mainstreamed to ensure that men and women benefit equally and equitably from EU-supported programs, in order to optimize the outcomes of EU investments. Thus, women will be considered not only as a vulnerable group with special needs but as actors and interlocutors within the development and decision making processes. The greater focus on women can lead to better development outcomes, such as nutrition results. The EU will work with the Government on measuring progress in this regard. Hence, an indicator related to the empowerment of women will be developed for each focal sector.

In designing sector interventions, cross-cutting factors will be considered throughout the focal sectors, such as: (i) information to and participation of all segments of society in decision making processes, (ii) equitable participation of men and women in decision making, (iii) improving resilience of the population, (iv) sustainable use of natural resources, (v) improving the nutritional status of vulnerable groups, (vi) strengthening the business climate and enhance the role of the private sector, (vii) ensuring complementarity with the RIP as well as strengthening economic integration, (viii) improving data quality and inclusion of sex-disaggregated data, and (ix) exploiting the potential of Information and Communication Technologies (ICT). In addition, the capacities of local government officials to engage with communities and civil society will be strengthened. Cross sector coordination will enhance synergies between the three focal sectors, therewith mutually reinforcing the EU's intended development impact in these sectors and allowing the mainstreaming of horizontal issues as environmental and climate.

1.2.1 Sustainable Agriculture and Food Security

Agriculture remains dominated by rain-fed subsistence farming in which droughts periodically reverse performance gains, with devastating effects on household food security and poverty levels. Moreover, the high level of chronic malnutrition - a 44% prevalence rate of stunting for under-five year old children is indicated in the 2011 Demographic Health Survey - reveals an important food insecurity problem. In Ethiopia food and/or nutrition crises are recurrent and poverty still affects almost one third of the country's population. Main development challenges include the need to increase agricultural productivity, including through an increased market orientation, while addressing the impact of a growing rural population on the size of farm holdings, food security, pressures on natural resources and on the sustainability of pastoralism, and adapting to and contributing to mitigate climate change.

For agriculture, the GTP aims to maintain its role as a major source for economic growth and thus to contribute to poverty reduction. In fact, the GTP's objective for Ethiopia to become a food secure and middle income country can only be achieved, amongst other factors, through increased agricultural productivity, by creating an enabling environment for enhanced private investment and agriculture-led industrialisation. The sector employs more than 80% of the workforce, accounts for about 44% of the GDP, generates almost 75% of exports and will remain a major source of inputs for the emerging industrial sector.

In the same vein, the EU's Agenda for Change emphasises the need for concentrated investments in sustainable agriculture to reduce exposure to global processes as climate change, and ecosystem and resource degradation.

The sector has a coherent policy and institutional framework through the GTP, the Policy Investment Framework (PIF) approved in 2010 and additional sector policies. The PIF was developed in the framework of the Comprehensive Africa Agriculture Development Programme, and covers sustainable growth of agricultural productivity and production, agricultural commercialization and agro-industrial development, conservation and productivity of natural resources, food security and disaster prevention. It provides a strategic 10-year framework (2010/11-2019/20) for the planning of investments for agricultural growth and development. It is considered by the Government as providing the implementation framework for the Agriculture and Rural Development Sector of the GTP, including food security and natural resources. A Roadmap agreed between the Government and its development partners identifies actions to strengthen the Framework and its implementation to further align Government, donor and private sector resources.

The National Nutrition Program (NNP), reviewed in 2013, gives a comprehensive framework for nutrition in Ethiopia, enhancing its multi-sector dimension. As regards environmental issues, the guiding policies are the Ethiopian Environmental Policy, the Climate Resilient and Green Economy strategy, as well as the REDD+ strategy⁴. The resilience framework in Ethiopia is the Country Program Paper developed under the IGAD⁵ Drought Disaster Resilience and Sustainability Initiative (IDDRSI).

The Government's strategy in the GTP is to stimulate, through a well-managed economic transformation, both public and private investment to put agriculture onto a yet higher growth path, whilst executing a carefully controlled phasing down of social safety net support and working towards long term national social protection systems. Ethiopia's vision for a climate resilient green economy shows that Ethiopia's agriculture is conducive for low carbon development. The 11th EDF will provide a balanced response by supporting the triple objectives of enhancing agricultural production, improving sustainable natural resource management and protecting vulnerable people by building long term resilience.

1.2.2. Health

Since 1996, Ethiopia has been implementing four successive Health Sector Development Programs (HSDPs), which provide the overarching strategic framework and direction for the health sector. In this framework, Ethiopia expanded access to primary health services for attaining universal coverage and made strides in achieving most health MDGs.

Currently, HSDP IV - which covers the 2011-2015 period - is being implemented. It reflects the Government's vision to achieve the health sector goals set under the GTP, which are also closely aligned with the MDGs. Implementation of the successive HSDPs has brought significant results in expanding access to health services. Comparisons between the Ethiopian Demographic Health Surveys of 2005 and 2011 indicate that Ethiopia has made substantial progress: e.g. under five mortality fell from 123 to 68 per 1000 live births; contraceptive prevalence rate increased from 15% to 29%; skilled birth attendance doubled from 5% to 10% of deliveries; and stunting in children under five was reduced from 52% to 44%.

Despite these improvements huge challenges remain. The maternal mortality ratio has stabilised at 676 per 100,000 live births after declining from 871 in 2000 to 673 in 2005. Similarly, there was no significant decline in neonatal mortality (39% in 2005, 37% in 2011). Moreover, health services uptake remains very low due to, among others, constraints related to long distances, information on health services and cultural attitudes. The challenge under the HSDP IV and beyond 2015 (HSDP V) will also be to ensure that the quality of health services provided from the health post to the referral level keeps pace with the expansion in access. The inequalities across and within the regions, gender, culture, urban-rural residence and socio-economic status heighten the problem, as do such other determinants of poor health as safe drinking water and malnutrition. Climate change affects both

⁴ REDD+ stands for 'Reducing emissions from deforestation and forest degradation in developing countries'

⁵ Intergovernmental Authority on Development

social and environmental determinants of health.

While government spending and development assistance for the health sector increased significantly in recent years, resources available to the sector remain scarce. Latest estimates on overall health spending is around USD 16/capita/year⁶ - less than what is considered necessary (USD 44) for the provision of basic curative services and for achieving the health MDGs⁷. In view of this gap – which Government and development partners aspire to reduce - and the challenges outlined above, including the need for addressing further non-communicable diseases, increased financial support to the sector is key to achieving the GTP targets and ultimately in bringing sustainable development results. The Agenda for Change acknowledges health as an important foundation for inclusive growth and indicates that the EU should take action to develop and strengthen health systems, reduce inequalities in access to health services and promote policy coherence to improve health outcomes for all.

1.2.3. Roads and transition to Energy

The EU has been supporting the road sector in Ethiopia since 1997. Over the years, Government financing for the sector has increased and implementation capacities have improved. With a last EU road sector support programme to consolidate ongoing efforts, long-term sustainability will be enhanced. At the same time, in view of the growing importance of energy in Ethiopia's development plans and the ensuing challenges in diversifying renewable production, enhancing access and improving efficiency, an EU support programme to the energy sector will be introduced.

Roads sector - Since 1997, Government emphasises the importance of road transport in supporting social and economic growth and its role as catalyst to meet poverty reduction targets. The Road Sector Development Program (RSDP) IV covers the 2010-2015 period and builds on the gains made during previous phases of the RSDPs, which were started in 1998, and forms a strategic pillar of the GTP.

Since 2006, the EU's intervention in the road sector has been channelled through a sector budget support modality which allowed the RSDP to achieve good results: the more than two-fold expansion of the road network in the last 15 years has directly contributed to poverty alleviation by improving access to markets and basic services within Ethiopia. The accompanying policy dialogue has brought more focus on rural roads, road maintenance and safety as well as capacity building, the latter having made it possible for the domestic private sector to play an increasingly dominant role: some 70 percent of contracts in the road sector are currently awarded to local contractors.

Despite the substantial progress made under RSDP, rural accessibility remains low which in turn affects access to social services and markets, hindering private sector to develop, particularly in agriculture which relies on the road network for the distribution of inputs, marketing of products and export of cash crops. Thus, under the RSDP IV, Government embarked on the Universal Rural Road Access Program (URRAP) which aims at connecting all Kebeles (the country's smallest administrative unit) to all-weather roads.

Energy sector - Ethiopia's Climate Resilient Green Economy strategy outlines the vision, strategy, financing, and institutional arrangements Ethiopia will need to pursue for attaining the triple goals of economic growth, net-zero emission, and building resilience. With its economic transformation ongoing, it is estimated that the country's demand for electricity increases by up to 20-25% annually. Needed investments will be high, an estimated EUR 28 billion of capital expenditures for generation and transmission over the coming 20 years, exceeding by far current sources of financing. To fill this gap, cost optimization, increasing internal resource mobilisation through tariff adjustments and tapping external funding sources, including from the private sector, will be critical.

1.2.4 Civil Society & synergetic Governance

Over the last two decades, the Government has undertaken a wide range of reforms in the political,

⁶ GTP – Annual Progress Report 2010/11

⁷ Exploring the thresholds of health expenditure for protection against financial risk, WHO 2010

social and economic spheres. While having made significant progress, as evidenced in the 2009 Universal Periodic Review mechanism⁸ and the 2011 African Peer Review mechanism⁹ reports on Ethiopia, challenges remain. These include the need for further improvements in democratic governance, fundamental for sustaining broad-based inclusive economic growth, and for the stability in Ethiopia and in the Horn of Africa. In addition, strengthening public administration capacity and public finance management, fighting corruption and putting in place an enabling business environment, enhancing access to information and media pluralism, improving gender balance, independent accountability and developing local governance remain important in Ethiopia's quest for better governance and strengthened rule of law. Capacity-building and good governance is one of the GTP focal areas, complemented by the national human rights action plan adopted in 2013¹⁰, which aims at improving human rights, accelerating the process of building good governance and democracy, and ensuring the sustainability of socio-economic development. Enhancing human rights, democracy and other key elements of good governance also features prominently in the EU's Agenda for Change.

Participation of Civil Society Organisations (CSOs) in Ethiopia's development process is crucial for the country's progress towards an equitable and democratic society. A new legal framework for CSOs is in place. Stakeholders are consulting to further facilitate the smooth implementation of the law. Reflecting the successful involvement of CSOs in the implementation of the 10th EDF in Ethiopia, its continuation under the 11th EDF remains of paramount importance.

2. Financial overview (Indicative amounts)

The amounts mentioned below provide an indication of the overall breakdown of funds between the focal sectors and cross-cutting programs. The breakdown may be adjusted in the light of operational, mid-term, final or ad hoc reviews.

Focal Sector 1: Sustainable Agriculture and Food Security	EUR 252.4 million	33.9%
Focal Sector 2: Health	EUR 200 million	26.8%
Focal Sector 3: Roads and transition to Energy	EUR 230 million	30.9%
Cross-cutting: Civil Society and synergetic governance	EUR 52 million	7.0%
Cross-cutting: Support measures	EUR 10.6 million	1.4%
Total	EUR 745 million	100%

3. EU support per sector

3.1 Sustainable Agriculture and Food Security

11th EDF support to this sector, which aligns with the national policy framework, will seek a balance between agricultural production and marketing, protective and resilience support, integrating a strong component on natural resource management, agro-ecology and environmental services, mainstreaming environment, nutrition and women empowerment. Both protective and resilience support will include strengthening local participatory and accountability processes. The support to resilience building will be carried out in complementarity to interventions by the Commission's Directorate-General for

⁸ Universal Periodic Review on Human Rights, A/HRC/13/17 of 4 January 2010

⁹ Africa Peer Review Mechanism 14, Country Review Report Federal Democratic Republic of Ethiopia, January 2013

¹⁰ Federal Democratic Republic of Ethiopia National Human Rights Action Plan 2013-2015, Government of Ethiopia, October 2013

Humanitarian Aid and Civil Protection through an LRRD approach. The nutrition objectives will be advanced through a multisectoral approach promoting nutrition sensitive interventions.

The 11th EDF intervention will be inspired by an integrated agro-ecological approach that contributes to agricultural productivity growth, food security, and secured and diversified livelihoods, while reinforcing synergies with transport, renewable energy, as well as nutrition oriented interventions. Research and extension components will be integrated, where appropriate. Inequalities among men and women in accessing resources, inputs and services will be addressed. As the role of women is critical to rural prosperity, their equitable involvement in and benefits from support programmes should be ensured. The interventions in this sector will take into account that a comparatively higher proportion of women's income is used for nutrition and basic necessities of their households, including the children. Specific attention will be given to female headed households.

Implementation will initially be through a project approach and may include contributions to joint programming on nutrition and the use of shared management with EU Member States. After the relevance assessment in 2016 of the NIP to the new GTP, implementation modalities could be reviewed, in particular looking at innovative aid modalities based on result approaches, a possible move to sector budget support and strengthening public-private partnerships while enhancing a more enabling business environment and strengthening the country's economic transformation in line with G8 New Alliance recommendations.¹¹

A capacity building programme will be specifically linked to the natural resources management component of the focal sector, with a view to providing strategic high level support to federal institutions mandated to shape the political, institutional and regulatory environment for sustainable natural resource management, biodiversity-conservation, eco-systems and land use planning at federal and regional level.

3.1.1. The following overall and specific objectives will be pursued:

The **overall objective** is to contribute to sustainable growth in the agricultural sector and to improve the food and nutrition security situation of vulnerable population groups.

The **specific objectives** are:

- i. Increase sustainable agricultural production, productivity and improve marketing of agricultural products
- ii. Enhance participatory and sustainable natural resources management
- iii. Improve resilience and long-term nutrition among vulnerable population groups

3.1.2. For each of the specific objectives the main expected results are:

- i. Increase sustainable agricultural production, productivity and improve marketing of agricultural products
 - ER1 Quality of integrated public and private veterinary service delivery improved.
 - ER2 Increased productivity, improved quality and increased exports for the coffee sector.
 - ER3 Increase of sustainable crop (including staples) productivity and production.
- ii. Enhance participatory natural resources conservation and sustainable land management
 - ER1 Coverage of improved and sustainable land management increased
 - ER2 Coverage of improved sustainable forest management increased

¹¹ Launched in 2012, the New Alliance for Food security and Nutrition is a global partnership formed by G8 governments, the private sector and African leaders with the goal of lifting 50 million people out of poverty by 2022. The combination of donors' commitments, private sector investment and policy reforms by African governments are setting conditions for public-private partnerships to spark agricultural transformation.

- iii. Improve resilience and long-term nutrition among vulnerable population groups
 - ER1 Vulnerable communities have an improved capacity to withstand and reduce the impacts of shocks and disasters.
 - ER2 Relief and development interventions are better articulated and interlinked
 - ER3 Reduced levels of stunting

3.1.3. Indicators.

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3. The indicators are aligned with the GTP and the sector policies. EU support to the sector will provide a significant contribution towards the national targets by 2020 (progress towards the targets will be attributable to the combined efforts by Government and development partners).

3.1.4. Donor coordination and policy dialogue

The joint Government-Development Partners Rural Development and Food Security Sector Working Group counts 22 members and facilitates the harmonization of aid to support program implementation in the sector through a sector programming approach. It is also the main forum for sector policy dialogue. Special attention will be given to complementarity with ECHO (LRRD, and in particular through the common resilience building program), to coordinate work with the US (G8 New Alliance initiatives and EU-US reinforced cooperation on food security), and to division of labour with EU Member States and Norway as part of the EU joint programming.

3.1.5. The Government's financial and policy commitments

The targets and commitments in the GTP, the PIF and the NNP, described under 1.2.1, illustrate the high ambition and priority of the Government in the areas covered by this focal sector.

The Government has demonstrated strong commitment by consistently exceeding the Comprehensive Africa Agriculture Development Programme target of spending 10% of its budget on the sector. However, a significant portion (67%) of the overall public expenditure (including external resources managed by the Government) is for disaster risk management and food security, while investments for production support, rural commercialization and natural resource management have remained relatively limited.

Government has equally shown a highly committed approach to counteracting the effects of climate change and developing a green economy, internationally and nationally. As to the latter, the 2011 Climate Resilience Green Economy strategy outlines Government's approach to adhere to its development goals while limiting greenhouse gas emissions in 2030 to its 2011 levels.

3.1.6. The overall risk assessment of the sector intervention

Macroeconomic risk (medium to low): price hikes of basic commodities increase vulnerability of the poor. *Mitigation measures:* Government measures to ensure macro-economic stability, control inflation and reduce volatility of prices of basic commodities; expand yield/production.

Climatic risks (medium): extreme weather conditions (droughts, floods) can undermine program achievements. *Mitigation measures:* Government and donors' measures to implement resilience building, natural resources management, and disaster risk reduction and climatic change strategies.

Environmental risks (medium to low): an intensification of agriculture may have significant impacts on

the environment and human health through unsustainable water use, land degradation, increased use of agro-chemicals as well as biodiversity loss. *Mitigation measures*: assessments to identify in advance the potential impacts associated with intensification of agriculture and measures to prevent these ie through techniques increasing the efficiency of water use, improved soil husbandry including organic as well as inorganic fertilizers and integrated pest management.

Implementation capacity risk (medium): lack of institutional capacity, including high staff turn-over could hamper sustained delivery of results. *Mitigation measures*: inclusion of capacity building interventions in the program and Government's commitment on public sector reform and capacity building.

Sustainability risk (medium): lack of ownership of policies and programmes within the communities, the CSOs and the private sector. *Mitigating measure*: Government measures to strengthen the involvement of CSOs, private sector and local communities, including the women, in policy making and design/implementation of the programmes.

3.2 Health

The 11th EDF support to the health sector reflects the priorities of the current HSDP IV (2011-2015) while allowing sufficient flexibility to further align and fine-tune to the post 2015 (HSDP V) agenda. In coherence with the Agenda for Change, EU support will focus on health sector support for universal access, as well as on quality of health care. It will be aligned to the 'one plan, one budget one report' principle of the International Health Partnership. This will initially be provided through contributions to multi-donor arrangements, including to the pooled fund of the Promotion of Basic Services (PBS) Program (covering essentially recurrent costs) and the MDG Performance Fund (which covers capital costs). As the health sector has a well-defined strategy and well-functioning sector management, the feasibility of providing health sector budget support will be considered in the 2nd half of the 11th EDF period to help finance HSDP V, which is currently under preparation. Close consultation with other development partners will be maintained, including with GAVI and the Global Fund.

Attention will also be given to capacity development for health system strengthening to further improve the health governance and accountability framework, health financing reform and health information system for better informed decision making. Support to the sector will be complemented by addressing social and environmental determinants of health (inequalities, including gender, harmful traditional practices and other cultural barriers, strengthening resilience, water, sanitation and nutrition, as well as participation by disabled people), mainly through support to local governments (regions/woredas with special needs) and non-state actors' initiatives. The availability and quality of information on health services and health related rights will be addressed. Attention will be given to access to information for women.

3.2.1. The following overall and specific objectives will be pursued:

The **overall objective** is to improve health outcomes for all through contribution towards the achievement of national Health Sector Development Programme targets.

The **specific objectives** are:

- i. Further strengthen health systems for universal coverage and quality of health services
- ii. Contribute to the improvement of social and environmental conditions affecting health outcomes

3.2.2. For each of the specific objectives the main expected results are:

- i. Further strengthen health systems for universal coverage and quality of health services
 - ER 1 Access to health services has increased
 - ER 2 Quality of health services has improved

- ER 3 Availability and quality of information on key health indicators has improved
- ii. Contribute to the improvement of social and environmental conditions affecting health outcomes
 - ER 1 Social and environmental determinants of health outcomes have improved

3.2.3. Indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3. The indicators and targets to be achieved are aligned with the GTP and to the sector policies. EU support to the sector will provide a significant contribution towards the national targets by 2020 (progress towards the targets will be attributable to the combined efforts by Government and development partners)

Health sector interventions, particularly those related to objective ii, will also contribute to the nutrition objectives and targets, as presented in section 3.1.3.

3.2.4. Donor coordination and policy dialogue

Health development partners in Ethiopia facilitate their activities through the Health, Population and Nutrition partners' forum. These partners meet regularly with the Ministry of Health in Joint Consultation Forum and Joint Core Coordinating Committee formats. The Forum is the highest body for dialogue on sector policy and reform issues between Government and health development partners. The Committee is the technical arm of the Forum. It provides operational oversight and keeps track of the utilisation of pooled funds for the health sector. In addition, annual review meetings are organised allowing a dialogue between all health stakeholders on sector performance, its next year's plans as well as thematic issues. Health issues are also discussed under the Promotion of Basic Services program.

Donor contributions are pooled in the MDG Performance Fund managed by the Ministry of Health, using national procedures. It is governed by the Joint Financing Arrangement signed between the Ministry of Health and contributing health development partners. It supports activities that are agreed upon during the joint annual planning process. It also emphasizes the use of 'one plan, one budget, and one report', where every stakeholder who is involved in the process sees itself as part of a bigger team working for a single goal. Donor contributions to the PBS program are channelled to a multi-donor trust fund managed by the World Bank and regulated by an agreement with the Ministry of Finance and Economic Development.

3.2.5. The Government's financial and policy commitments

Ethiopia spends around 6% of its budget on health. It also mobilizes additional health resources through the framework of the International Health Partnership (IHP+), applying a sector-wide approach to planning, budgeting, monitoring and reporting. HSDP IV is a key component of the GTP, and an important vehicle for achieving its objectives for building human capital.

Given the decentralised nature of health spending in Ethiopia, it is currently not possible to detail government's financial commitments up to the 2020 period. Health has been a consistent priority in the period of HSDP IV/GTP and there is no reason to believe this will change any time soon: health will remain a Government priority as reflected in its post 2015 consultation communication to the UN¹².

3.2.6. The overall risk assessment of the sector intervention

¹² Ethiopia was selected as one of the 56 sample countries to conduct consultation and provide input for the post-2015 Development Agenda

Macroeconomic risk (medium to low): resurgence of inflation affecting costs as well as access to basic health services by poor people. *Mitigating measures:* Government measures to control inflation.

Implementation risk (low): the risk that low capacity and skills, especially at Woreda level, can delay delivery of results and hamper the correct use of public funds (strengthening procurement and audit function and accountability mechanisms). *Mitigating measures:* Health systems strengthening will be included in project interventions; the Channel One Programme Coordinating Unit of the Ministry of Finance, Economy and Development has been strengthened at federal and regional level and public finance management units will be established at zone and Woreda level; a follow up Public Expenditure and Financial Accountability (PEFA) assessment is planned for 2013/14; local social accountability mechanisms involving civil society and councils will be strengthened.

Sustainability risk (low): inability of Government to raise enough resources to finance basic health services; lack of ownership of policies and programmes within communities, CSOs and the private sector. *Mitigating measures:* the macro-economic financial framework up to 2016/17 foresees increasing resources going to sub-national governments for pro-poor expenditures; further Government measures to raise domestic revenues. Government measures to enhance an enabling environment and the capacity of CSOs, private sector and local communities, including women, in policy making and design/implementation of the programmes

3.3 Roads (phasing out) and Energy (phasing in)

In the third area of intervention of the 11th EDF assistance, there will be a concomitant phasing out of the road sector and a phasing in of the energy sector. This allows for consolidation of achievements obtained in the framework of long-term cooperation in the roads sector, while gradually expanding cooperation in the energy sector where EU assistance will support the ambitious increase in and diversification of renewable production, the expansion of access, and the enhancement of efficiency.

Despite the good results achieved in 16 years of RSDP implementation, the road network remains one of the least developed in Sub-Saharan African countries and there are still crucial shortcomings to be addressed in order to consolidate the accomplishments and strengthen the sector performance in key areas such as rural access, safety and maintenance.

The EU intervention in the road sector in the 11th EDF will be shaped in the form of a phasing out sector budget support programme that aims at consolidating results achieved, improving road safety and ensuring long-term sustainability, to which adequacy of management and financing of maintenance as well as improved traffic management as well as a consolidation of the increased role of Ethiopia's domestic private sector are key. The latter are areas where EU assistance can continue to make quality contributions. A road sector public expenditure review can also contribute to long-term sustainability. A Technical Cooperation Component will be included to strengthen the capacity of main beneficiaries and local authorities.

Strong synergies with other focal sectors will be developed: the expansion of the road network and improved access to markets and basic services will strengthen the impact of the EU intervention in the focal sectors of health, sustainable agriculture and food security. It will also facilitate the expansion of private sector operations in rural areas. Gender equality, women empowerment and environment will be mainstreamed in the assistance.

In the field of energy, the EU support will help Ethiopia to achieve its objectives of improving access and diversifying its energy mix, including through enhanced private sector participation in the sector. It will focus on Ethiopia's huge potential in terms of green renewable energies (geothermal, wind, solar, biomass) and on sector reforms (opening up of the sector, support to the recently created Ethiopian Energy Authority - a regulator body with broad powers -, regional electricity trade with neighbouring countries). The EU intervention in the energy sector will be gradually phased in and will

enhance sustainable production and access to energy. The sector provides good opportunities to use blending as an instrument. The EU has also committed significant financial resources to the Sustainable Energy for All initiative from which Ethiopia can benefit. The EU-support will ensure equitable access of men and women to energy services and resources, which in turn would facilitate their access to income generating activities. Given the reliance on biomass (notably firewood) as the main energy source, in particular in rural areas of Ethiopia and the associated burden on women, EU support will address actions to improve energy efficiency and highlight the important role of sustainably managed forests as a key sustainable energy source in the short-term. These actions complement the focus on participatory natural resource management (and associated indicators) identified under the 'Sustainable agriculture and food security' sector above.

3.3.1. The following overall and specific objectives will be pursued:

The **overall objective** is to support the implementation of Ethiopia's Road Sector Development Programme (road sector) and Climate Resilient Green Economy strategy (energy sector).

The **specific objectives** are:

Road sector

- i. Develop an effective rural road network capable to connect people to basic services and to the markets
- ii. Improve the management of works through the strengthening of procurement at all levels
- iii. Improve the maintenance of the road network
- iv. Improve road safety
- v. Enhance the involvement of women in the road sector

Energy sector

- vi. Improve access to modern, safe and sustainable energy services
- vii. Increase power production from renewables such as biogas, micro-to-mini-hydro, geothermal, solar and wind
- viii. Improve energy efficiency

3.3.2 For each of the specific objectives the main expected results are:

Road sector

- i. Develop an effective rural road network capable to connect people to basic services and to the markets
 - ER1 All kebeles are connected to all-weather roads, with a significant diminution of the area that is located further than 5km from an all-weather road
- ii. Improve the management of works through the strengthening of procurement at all levels
 - ER1 Decrease in cost overruns due to poor design and management
- iii. Improve the maintenance of the road network
 - ER1 Adequate budget for maintenance activities is provided to the implementing agencies (Road Fund, Regional Road Authorities) and
 - ER2 Percentage of gravel and asphalt roads in good condition increase
- iv. Improve road safety
 - ER1 Decrease in fatality rate

Energy sector

- vi. Improve access to modern, safe and sustainable energy services

- ER1 Access to modern, safe and sustainable energy¹³ is increased
- vii. Increase power production from renewables
 - ER1 Power production from renewables (e.g. biogas, micro-to-mini-hydro, geothermal, solar and/or wind) is increased
- viii. Improve energy efficiency
 - ER1 Improved energy efficiency in terms of generation, transmission, distribution and consumption

3.3.3. Indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex 3. The indicators and targets to be achieved are aligned with the GTP and to the sector policies. EU support to the sector will provide a significant contribution towards the national targets by 2020 (progress towards the targets will be attributable to the combined efforts by Government and development partners).

3.3.4. Donor coordination and policy dialogue

Road sector

The EU, the World Bank and the African Development Bank are the main donors to the sector. Government and development partners in the transport sector coordinate and align their activities through the Transport Sector Working Group, which represents the main forum for multilateral policy discussions and RSDP regular performance review. Besides, bilateral policy dialogue is conducted throughout a number of activities ranging from analysis of Government's reports to field missions.

Energy sector

Albeit informal, intra-donor coordination (at this stage the Energy Sector Partners' Group is not officially included in the DAG groups) is established and main stakeholders hold monthly meetings to discuss projects, policy reform and other energy topics. This group also constitutes a potential forum for further policy dialogue with the Government. EIB currently does not have a permanent office in Ethiopia but carries out regular missions and has shown interest in participating in coordination of energy infrastructure projects.

3.3.5. The Government's financial and policy commitments

The road sector is one of the main pillars of the GTP which is demonstrated by consistent and growing budget allocations throughout the RSDP. Domestic resources for the implementation of the RSDP have been growing much faster than the donors' contribution and in the current RSDP IV domestic financing is expected to reach nearly 80% of sector expenditures. For the period 2010-2015 an increasing share of resources will be allocated for periodic and routine maintenance (10% in 2010/11, 17% in 2014/15), ensuring long term sustainability.

In the energy sector the GTP aims at a five-fold increase in hydroelectric power generating capacity, and doubling the number of consumers with access to electricity, increasing electricity coverage from 41% in 2009/10 to 75% at the end of the GTP. Government – mainly through EEPSCO (Ethiopia's energy utility company) – has embarked on a large public investment program to reach these targets, mainly through domestic financing of large dams and external loans for transmission lines and various renewable production projects. It is also promoting private-sector investment in generation projects. Ethiopia's energy plans imply continued spending of large amounts of public funds on energy generation and access in the years to come.

¹³ According to local definitions on the matter

3.3.6. Environmental assessment

With the exception of a few small-scale projects, environmental impact assessments are mandatory and under the responsibility of the Ministry of Environment and Forestry.

The Environmental and Social Management Manual, developed by the Ethiopia Roads Authority, is the main guideline for mainstreaming in the RSDP implementation all crosscutting issues related to environment and social rights. The Ethiopia Roads Authority has established an Environmental Unit to address environmental issues in road infrastructure planning and implementation procedures. Since the establishment of the Unit, Environmental Impact Assessments have become a mandatory planning tool and the mainstreaming of environmental issues has been integrated within RSDP and URRAP projects.

In the energy sector, CRGE is the strategic framework for the implementation of the Multilateral Environmental Agreements and Environment Policy of Ethiopia in an integrated manner. In the case of energy projects, it is usually the Environmental Unit within the Ministry of Water, Irrigation and Energy (MWIE) that has delegated responsibilities to carry out reviews on environmental impact assessments.

3.3.7 The overall risk assessment of the sector intervention

Macroeconomic risk (medium to low): resurgence of inflation and other macro-economic imbalances. *Mitigating measures:* Government measures to maintain macro-economic stability; inclusion of macro-issues in the policy dialogue, inclusion of key public financial management issues in the program's design. A follow up Public Expenditure and Financial Accountability (PEFA) assessment is planned for 2013/14.

Implementation risk (medium): risk that low capacity and skills, especially at regional and woreda level, coupled with very ambitious targets, can delay or affect the quality of results. *Mitigating measures:* continued provision of technical assistance in order to strengthen capacities at ministries and agencies; involvement of private sector where feasible.

Sustainability risk (medium to low): need for a correct allocation of resources to maintenance and improvement of absorption capacity. Insufficient ownership of policies and programmes within communities, CSOs and the private sector. *Mitigating measures:* linkage of variable tranche indicators to allocation risks; maintain the Government's commitment to enhance the involvement of CSOs, private sector and local communities, including the women, in policy making and design/implementation of programmes.

Climate change risk (medium): the main threats presented by climate change to infrastructure assets include damage or destruction from extreme events, which climate change may exacerbate changes in patterns of water availability, and effects of higher temperature on operating costs. Other effects like alterations in evaporation, temporal precipitation patterns and frequency of extreme meteorological events, have the potential to induce appreciable change in hydroelectric production. *Mitigating measures:* update infrastructure design standards to ensure that future infrastructure capital is resilient to anticipated climate change and extreme events, and strengthen maintenance and repair, as well as considering how climate change will impact hydropower production and which types of hydropower facilities are least vulnerable to those impacts.

4. Measures in favour of civil society and synergetic governance

The 11th EDF will support Ethiopia's efforts in the area of synergetic governance and civil society

development following a five-pronged approach, which includes:

(1) Addressing governance challenges within the three focal sectors to help deliver sustainable results. It can do so, for instance, by enhancing the involvement of civil society and women in policy making, oversight and implementation, by strengthening participatory local governance processes and institutions, by adopting a rights-based approach, and by further addressing gender issues.

(2) Governance issues transcending the focal sectors, but affecting the overall sustainability and impact of 11th EDF sector interventions (such as transparency and accountability mechanisms, overall public sector capacity, women empowerment and an enabling business environment), will be addressed in a common, cross-cutting and synergetic manner. These considerations are closely interrelated and will be approached in a holistic and comprehensive fashion to cover several governance dimensions. These may include, among others, support, at both federal and regional level, for enhanced access to information and transparency, including through strengthened pluralistic media, civil service and justice capacity building and reforms, improving the country's competitiveness and thus its economic transformation through trade facilitation and targeted support to a more enabling business environment, while ensuring environmental and gender mainstreaming.

(3) Building on the experiences of the 10th EDF Civil Society Fund, which focuses on engagement in the development process, accountability and governance issues, a specific facility will be set up to consolidate and expand support to civil society organisations. The objective will be two-fold: i.e. strengthening the role of civil society in the national development and democratisation process, as well as building its capacity to engage in governance and development activities. Thus, this facility will increase the human, material and technical capacity of civil society and increase its sustainability and accountability, while enhancing service delivery in the governance and development sectors.

(4) Supporting key actors and institutions of governance, fostering stronger accountability and strengthened oversight mechanisms and institutions and improved public service and financial management.

(5) Supporting the reintegration of returnees, particularly in cases of forced repatriation of Ethiopian migrants in other countries. While Ethiopia has seen very significant economic growth this has also been accompanied by a rapidly growing population and a lack of sufficient employment opportunities. As a result, growing numbers of Ethiopians have been looking for job opportunities abroad, through legal and illegal channels, or in other regions within the country. An important number of migrants have gone illegally and the Government of Ethiopia has also been confronted with increasing demands for legal migration. Migration in the broad sense of the term (be it legal or illegal or even internal movements of people within Ethiopia) has been rapidly increasing over the past years and has become a matter of serious concern and a priority to tackle. EDF resources could act in complement to immediate humanitarian and other short term support with the objective of contributing to the longer term integration.

This approach could also include strengthening the government's capacity to handle legal migration, to prevent human trafficking, addressing internal movements of people and related conflicts and supporting refugees.

5. B-allocation

The B-allocation for unforeseen needs is set at EUR 0 until a need arises.

6. Support measures

6.1 Measures to support or accompany the programming, preparation or implementation of actions

In addition to the focal sectors, a Technical Cooperation Facility that aims to support or accompany the programming, preparation and/or implementation of actions, is foreseen through a specific allocation. This facility also foresees continued support to the quality and visibility of EU-Ethiopia Cooperation as well as including a reserve for insurance against possible claims arising out of development cooperation. Moreover, it can be used to further advance the EU+ Joint Programming in the country and to enhance aid effectiveness.

ANNEXES

ANNEX 1-A TABLE OF MACRO-ECONOMIC AND TRADE CAPACITY INDICATORS ¹⁴						
		2008/09	2009/10	2010/11	2011/12	2012/13
	Basic data					
1	Population (in million)	77.4	79.5	82.1	84.3	86.6
2a	Nominal GDP (in million US\$) ¹⁵	31,868	29,413	31,407	42,206	46,598
2b	Nominal GDP per capita (in US\$)	411.7	370.0	382.5	500.7	538.1
3	GDP growth rate at constant prices (%)	10.0	10.6	11.4	8.8	9.7
4	Gross fixed capital formation (in % of GDP)	22.7	24.7	27.9	33.1	33.0
	Balance of Payment					
5	Total Export (USD Mill)	1,448	2,003	2,747	3,153	3,081
	Total Imports (USD Mill)	7,726	8,269	8,253	11,061	11,467
6	Trade Balance (USD Mill)	-6,278	-6,266	-5,506	-7,908	-8,386
	Trade balance (in % of GDP)	-19.7	-21.3	-17.5	-18.7	-18.0
7	Current account balance <i>incl official transfers</i> (in % of GDP)	-5.1	-4.1	-0.7	-6.6	-5.4
8	Net inflow of remittances (in % of GDP)	2.3	2.7	3.4	3.2	3.9
9	Net inflows of foreign direct investment (in % of GDP)	2.8	3.3	4	2.5	2.6
10	External debt (in % of GDP) ⁴	13.7	18.3	22.2	17.9	18.9
	Trade capacity					
11	Foreign exchange reserves (months of imports of goods and nonfactor services of following year) ¹⁶	2.1	2.7	1.9	1.9	1.9
12	Global competitiveness index ¹⁷	118	119	106	121	124
13	Average cost to Export (US\$ per container) ¹⁸	2037	2377	2230	2160	2180
	Government budget					
14	Tax revenues (in % of GDP)	8.7	11.4	11.7	11.6	12.5
15	Total expenditure (in % of GDP)	17.4	19.1	18.6	16.8	18.1
	- of which: capital expenditure (in % of GDP)	9.2	10.6	10.5	9.9	10.7
16	Fiscal balance (in % of GDP) including grants	-0.9	-1.7	-1.6	-1.2	-2.0
17	Total Government (domestic + external) debt (in % of GDP)	29.2	34.2	36.9	31.4	34.6
18	Consumer price increase (period annual average in %)	36.4	2.8	18.1	34.1	13.5

¹⁴ Ethiopia follows the Julian calendar which is 7 years behind the Gregorian calendar (i.e. 2009 equals EY 2002). The Ethiopian Fiscal Year starts on July 8 and ends on July 7. Data mostly sourced from Government of Ethiopia, MOFED various sources, including MEFF and Brief Note on 2005 GDP Estimate series.

¹⁵ The IMF clarified that the 35% increase in nominal GDP between 2010/11 and 2011/12 is caused by a jump in the GDP deflator (consistent with an increase in average CPI of more than 30 %).

¹⁶ IMF, 2013 Art. IV Consultation, October, 2013

¹⁷ WEF's Global Competitiveness Report 2013-2014 (www.weforum.org/pdf/GCR08/GCR08.pdf). Data refer to previous Gregorian calendar year

¹⁸ WB Doing Business report various years (www.doingbusiness.org), data refer to previous Gregorian calendar year.

Annex 1b - Key MDG and development indicators

Ethiopia - Progress Towards Achieving the MDGs

Goal & Ethiopia's Indicator	Base Level (1990)	MDG Target	2006/07	2011/2012 (or recent)	National Target 2014/15
Goal 1: Reduce Poverty & Hunger					
Population living below the poverty line (%)	48	24	34.6	29.6 (HICES 2011)	22.2
Poverty Gap Ratio	12.5 (1995/96)		8.3 (2005)	7.8 (HICES 2011)	
Stunting: % of children below weight-for-age			47 (2004/05)	44 (DHS 2011)	37
Children Underweight (%)	45.4 (1996)		37 (2004/05)	10 (DHS 2011)	3
Goal 2: Achieve Universal Primary Education					
GER Primary Education (Grade 1-8) %	32	100	91.6	90.7 (WMS 2011)	100
Net Enrolment Ratio Primary Education				62.4 (WMS 2011)	100
Primary Completion Rate (1-4)	34.3 (2004/05)	100	71.6	69.1 (APR 2011)	74
Literacy Rate	26 (1995/96)		38 (2005)	46.8 (WMS 2011)	95
Goal 3: Promote Gender Equality & Empower Women					
Ratio of Girls to Boys in Primary Education (1-8)	0.61 (1995/96)	1	0.87	0.96 (APR 2011)	1
Ratio of Girls to Boys in Secondary Education	0.6 (2001/02)	1	0.78	0.83 (APR 2011)	1
Ratio of Girls to Boys in Higher Education	0.24 (2004/05)	1	0.3	0.26 (APR 2011)	0.30
Number of Women in Parliament (HoPR)	12 (1995/96)		116	152 (28%)	
Goal 4: Reduce Child Mortality					
Under 5 Mortality Rate (per 1,000)	190	63	123 (2004/05)	88 (DHS 2011)	68
Infant Mortality Rate (per 1,000)	123 (1992/93)		77 (2004/05)	59 (DHS 2011)	31
Immunisation – Measles (%)	42 (2001/02)		65	81.5 (APR 2011)	90
Immunisation – DPT 3 (%)	40		73	84.7 (APR 2011)	96
Goal 5: Improve Maternal Health					
Maternal Mortality Rate (100,000)	871	290	673 (2005/06)	676 (DHS 2011)	267
Contraceptive Prevalence Rate (%)	4		33	29 (DHS 2011)	66
Proportion of Births attended by Skilled Personnel (%)	9 (2000/01)		16	10 (DHS 2011)	62
Ante-Natal Coverage	20.2 (1992/92)		52	82.2 (APR 2011)	86
Goal 6: Combat HIV/AIDS, Malaria and other Diseases					
Overall HIV/AIDS Prevalence Rate (%)	7.3 (2000/01)	<4.5	3.5 (2007)	2.4 (APR 2011)	2.4
% of HIV/AIDS sufferers receiving Anti-retroviral treatment		100	37.1	62.3 (APR 2011)	95

% of pregnant women (in malarious areas) who slept under ITN			42.5	?	86
TB Prevention & Control (% of cases successfully treated with DOTS)	60 (2000/01)		84	82.5 (APR 2011)	90
Goal 7: Ensure Environmental Sustainability					
Population without access to Safe Water (%)	81	40.5	47.6	47.4 (WMS 2011)	1.5

Source: (i) Ethiopia Demographic and Health Survey (DHS), Central Statistical Agency, Addis Ababa, 2011; (ii) Ethiopian Welfare Monitoring Survey (WMS), Central Statistical Agency, Addis Ababa, 2011; and (iii) GTP- Annual Progress Report (APR), Ministry of Finance & Economic Development, Addis Ababa, 2011, Household Income and Expenditure Survey (HICES), 2011

Annex 2 – Donor Matrices

Annex: 2.1 - Gross ODA On-Budget Disbursement for GTP period
(US\$ 000'-Ethiopian Fiscal Years)
GTP Years 1 and 2 (EFY 2003 +EFY 2004);
2010/11-2011/12¹⁹

	Development Partner/Sector	EFY 2003	EFY 2004	EFY 2003 -E FY 2204
		Total	Total	Total
EU +	Austria	4,984.7	5,221.9	10,206.55
	Czech Republic	-	1,387.5	1,387.51
	European Union	156,427.2	101,183.4	257,610.62
	Finland	5,622.4	2,269.0	7,891.41
	France	3,886.7	6,603.3	10,490.06
	Germany	30,999.4	15,475.6	46,474.99
	Ireland	20,808.2	33,308.1	54,116.24
	Italy	24,741.5	12,548.6	37,290.10
	Norway	4,233.9	2,416.4	6,650.24
	Spain	17,549.2	10,120.7	27,669.92
	Sweden	8,501.6	4,290.0	12,791.61
	UK	332,294.2	346,508.8	678,803.04
	Total EU +	610,048.9	541,333.4	1,151,382.29
Other Bilaterals	CIDA Canada	58,160.6	54,664.4	112,824.95
	China	164,144.4	385,902.9	550,047.31
	India	37,018.9	59,024.7	96,043.65
	JICA	51,408.2	29,845.8	81,253.99
	Korea	4,296.0	5,396.7	9,692.64
	Kuwait	14,771.4	5,862.9	20,634.33
	Saudi Arabia	2,710.1	19.3	2,729.37
	USAID	128,898.5	160,450.1	289,348.59
	Total Other Bilateral	461,408.1	701,166.8	1,162,574.83
IFIs	ADF	205,338.1	130,519.6	335,857.68

¹⁹ Aid Management Platform, MoFED

	BADEA	6,560.0	6,252.6	12,812.59
	EIB	7,010.0	-	7,010.00
	WB - IDA	808,491.9	807,238.6	1,615,730.48
	IFAD	29,960.0	9,800.0	39,760.00
	Nordic Fund	1,610.0	940.0	2,550.00
	OPEC Fund	4,960.0	9,336.2	14,296.23
Total IFIs		1,063,930.0	964,087.0	2,028,016.98
UN Group	FAO	6,313.0	4,824.4	11,137.46
	GEF	4.6	90.4	94.97
	GF	235,122.0	66,086.2	301,208.10
	ILO	32.1	-	32.11
	UNICEF	102,452.8	75,584.4	178,037.17
	UNDP	43,007.9	39,830.0	82,837.89
	UNESCO	193.7	-	193.69
	UN Women	-	1,217.1	1,217.13
	UNIDO	300.9	-	300.93
	UNFPA	8,269.1	18,007.6	26,276.64
	WFP	171,889.7	201,934.3	373,824.05
Total UN		567,585.8	407,574.4	975,160.14
Grand Total		2,702,972.8	2,614,161.5	5,317,134.24

Table 2.2
Sector Emphasis of Development Partners Support
GTP Years 1 and 2 (EFY 2003+2004)
(2010-11 to 2011-12)

XXXX = Focal Sector
 XXX and XX = significant presence
 X = limited presence.

Donors List	Economic Growth			Infrast.		Social Sectors			Other		
	Agricult.	Industry	Tourism	Transport	Energy	Education	Health	Water	Emer-	Multi	Good
	Forestry							Supply	gency	Sectoral	Gov. CSO
Austria	X		Xxxx		X		XXXX			XXXX	XX
Czech Rep								XX			
DFID	XX	XX		XX		XXXX	XXXX	XXXX		XXXX	XXXX
EU	XXX			XXXX		X		X		XXXX	X
Finland								XXXX			
France	XX					X		XX		X	X
Germany	XXX			X	X	XXXX		X		XXXX	XXX
Ireland	XXXX					X	XXXX			XXXX	
Italy	XXX	XX		X	X	XXXX	XXXX	XX		X	XXX
Norway					XX	XXXX					
Sweden	X					XXXX				X	
Spain	XX		XX	XX			XXX	XX	XX	XXXX	X

Canada	XX									XXXX	XXX
China		X		XXXX	XXXX						
India		XXXX			X						
Japan	XXX	X		XXX		XXX	XX	XXXX		X	X
Korea	X					XXX	XX				
Kuwait				XXX	XXXX						
Saudi Arabia				XXXX							
USAID	XXX					XXX	XXXX				
ADB	XX			XXX	XXX			X		XXXX	
BADEA				XXX	XX			X		X	
EIB								XXXX			
IDA	XXXX		X	XXXX	XXXX	XXXX	X	XXXX		XXXX	
IFAD	X									X	
NDF				X							
OFID				X	X						
FAO	XX						X			XXX	
GEF										X	
GF							XXXX				
ILO										X	
UNICEF						XX	XXXX	XXX		XXXX	
UNDP	XX	X		X						XXXX	XXX

UNESCO				X							
UN Women										X	
UNIDO										X	
UNFPA							XXXX	X			
WFP	XXX					XX	X		XXXX	XX	XXX

Source - MOFED- EFY 2004 Annual Statistical Bulletin on Official Development Assistance

Annex 3 – Sector Intervention Frameworks

Focal Sector 1: Sustainable agriculture and food security

Specific objective 1: Increase agricultural production, productivity and improve marketing				
Expected Results	Indicators	Means of verification	Baseline (2011/12)	Target (2020)
1. Quality of integrated public and private veterinary service delivery improved	Number of OIE compliant animal health Directives and Guidelines prepared and implemented by MoA under the authority of Proclamations and Regulations governing public and private veterinary services ¹	Negarit Gazette (Proclamations and Regulations) MoA Publications (Directives and Guidelines)	0	30
2. Increased productivity, improved quality and increased exports for the coffee sector	Coffee exports (tons)	MoT annual trade statistics	169,000	600,000
3. Increase of sustainable crop (including staples) productivity and production	a) Percentage of annual agriculture sector growth b) Crop productivity (qt/ha) of major crops	GTP Review, PIF review, CSA	4.9 17	8.6 22
<u>Specific objective 2: Enhance participatory natural resources conservation and sustainable land management</u>				
Expected Results	Indicators	Means of verification		
1. Coverage of improved and	Area of land rehabilitated and	GTP reports; reports of the	5.4	16.3

¹ This indicator –complementary to GTP indicators- specifically monitors the adoption and implementation of a policy framework for a state-of-the art animal health system, internationally recognised sanitary regulations, and an effective public/private veterinary service delivery system.

sustainable land management increased	sustainably managed ^I (million ha)	Ministry of Agriculture,		
2. Coverage of improved forest management increased	Area covered by forest and forest master plan ^{II} (million ha)	GTP Reports and of Ministry of Environment and Forestry,	0.7 ^{III}	2.2

Specific objective 3: Improve resilience and long-term nutrition, including through LRRD and safety net/social protection approaches

Expected Results	Indicators	Means of verification		
1. Vulnerable communities have the capacity to withstand and reduce the impacts of shocks and disasters	Average food gap of households in the chronically food insecure woredas covered by PSNP	IFPRI and IDS impact assessment	1.8 months	1.2 months
2. Relief and development interventions are better articulated and interlinked	Number of common EU development and humanitarian programmes implemented	Programme and project reports and evaluations	0	1
3. Reduced levels of stunting	Under-five prevalence of stunting (disaggregated by sex)	Annual Nutrition Program Report	Females 43%; Males 46%	Female and Males 20%

An additional indicator on women empowerment in the sector will be developed jointly by Government and EU.

^I Cumulative indicator

^{II} Cumulative indicator

^{III} This figure reflects GTP baseline 2009/10

Focal Sector 2: Health

Specific objective 1: Further strengthen for universal coverage and quality of health services

Expected Results	Indicators	Means of verification	Baseline (EDHS/GTP-APR, HMIS, WMS, 2011)	Target (2020)
Access to health services has increased	% of births attended by skilled health personnel (MDG 5.2)	DHS	10	62
	Contraceptive prevalence rate – modern method (MDG 5.3)	DHS	27	66
	% of pregnant women who attended ANC 1+ visit (MDG 5.5)	DHS	44	86
Quality of health services has improved	General Practitioners and Specialists to population ratio	HMIS	1:28,847 ^I	1:10,000
Availability and quality of information on key health indicators has improved	An external evaluation of HMIS reporting has been conducted and ascertained better timeliness and quality of data	Evaluation of HMIS		

Specific objective 2: Contribute to the improvement of social and environmental conditions affecting health outcomes

Social and environmental	% of children 6-59 months	Welfare Monitoring	91 ^{II}	96
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^I Source: HMIS 2012

^{II} Source: HMIS 2012

determinants of health outcomes have improved	given vitamin A supplementation every 6 months	Survey (WMS)		
	% of households with access to safe drinking water (MDG 7.8)		52,6	98

An additional indicator on women empowerment in the sector will be developed jointly by Government and EU.

Focal Sector 3: Roads and transition to Energy

Roads

Expected Results	Indicators	Means of verification	Baseline (2011-2012)	Target (2020)
i. All kebeles are connected to all-weather roads with a significant diminution of area further than 5km from all-weather roads	i.1. Area further than 5km from all-weather roads (%) i.2. Kebeles with access to all-weather roads (%)	- RSDP performance reports - External reviews - Policy dialogue - Field missions	56.4 52	20 100
ii. Decrease in cost overruns due to poor design and management	ii.1. Ratio final cost / cost estimated in projects managed by ERA (%)	- RSDP performance reports - External reviews	1.38	1.10
iii.1 Adequate budget for maintenance activities is provided to the implementing agencies (Road Fund, Regional Road Authorities - RRA) and iii.2 % of gravel and asphalt roads in good condition increase	iii.1. Gravel and asphalt roads in good condition (%) iii.2. Allocation for maintenance compared to the estimated need (%)	- RSDP performance reports - External reviews - Policy dialogue - Road Fund and RRAs reports	67 69	78 90
iv. Decrease in fatality rate	iv.1. Fatalities per 10.000 vehicles	- RSDP performance reports - External reviews - Policy dialogue	73.6	50

An additional indicator on women empowerment in the sector will be developed jointly by Government and EU.

Energy

Expected results	Indicators	Means of verification	Baseline (2012-2013)	Target (2020)
vi. Access to modern, safe and sustainable energy is increased	vi.1. Number of households with meter connection to the grid vi.2. Percentage of population with access to electricity services vi.3. Kms of distribution line constructed (cumulative)	- GTP progress reports - EEPKO's and the MoWIE's reports	2.03 million 53% 153,230	7 million 85% 450,000
vii. Power production from renewables (e.g. biogas, micro-to-mini-hydro, geothermal, solar and/or wind) is increased.	vii.1. Energy production from geothermal / solar / wind / micro-to-mini hydro(GWh) vii.2. Geothermal / solar and/or wind power generation capacity installed (MW) vii.3. Number of domestic and institutional biogas digesters	- GTP progress reports - EEPKO's and the MoWIE's reports - External reviews	37 Geothermal: 7,3 Wind: 81 Solar PV: 1 Domestic: 6031 Institutional: 100	1000 500 1000 500 Domestic: 40000 Institutional: 2000
viii. Improve energy efficiency	viii.1. Number of efficient cookstoves viii.2. Reduction of transmission and distribution losses	- GTP progress reports - EEPKO's and the MoWIE's reports - External reviews	9-10 million (about 5 million estimated to be in use) 23%	Additional 10 million 10%

An additional indicator on women empowerment in the sector will be developed jointly by Government and EU.

The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

ANNEX 4 - 11 EDF NIP - INDICATIVE SCHEDULE OF

GLOBAL COMMITMENTS (FA SIGNED)

Sector & Programme	Indicative Allocation MEUR		2014	2015	2016	2017	2018
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SECTOR 1 - SUSTAINABLE AGRICULTURE AND FOOD SECURITY	252.4	33.9%						
Agriculture Production			70.0	9.4%		70.0		
Natural Resources Conservation & Management			72.4	9.7%		57.4		15.0
Resilience - Safety Net (PSNP), LRRD & Nutrition			110.0	14.8%	50.0	30.0		30.0

SECTOR 2 - HEALTH	200.0	26.8%						
Health System Strengthening - Capacity Development			15.0	2.0%	15.0			
Social Determinants for Public Health			50.0	6.7%		50.0		
Health Sector Access/Quality Support - Basic Services (PBS)			50.0	6.7%	50.0			
Health Sector Access/Quality Support - Other interventions			55.0	7.4%	25.0		30.0	
Health Sector Reform Contract (SBS)			30.0	4.0%				30.0

SECTOR 3 - TRANSPORT & ENERGY	230.0	30.9%							
Road Sector Reform Contract (SBS)			140.0	18.8%		140.0			
Energy			90.0	12.1%		15.0	30.0		45.0

CIVIL SOCIETY AND SYNERGETIC GOVERNANCE	52.0	7.0%							
Cross-cutting & Synergic Governance			36.0	4.8%	11.5		7.5	17.0	
Civil Society Fund			16.0	2.1%		16.0			

SUPPORT MEASURES	10.6	1.8%							
Technical Cooperation Facility			10.6	1.8%			5.3		5.3

745	100%	745	100%	11.5	311.0	250.2	47.0	125.3
				11.5	322.5	572.7	619.7	745.0
				2%	43%	77%	83%	100%