



Development Assistance Group ETHIOPIA

DEVELOPMENT EFFECTIVENESS IN ETHIOPIA



DAG ANNUAL REPORT 2016/17

Contents

ACRONYMS	4
FOREWARD.....	5
I. BACKGROUND	7
II. THE IMPACT OF EL-NINO ON THE ECONOMY	7
III. DEVELOPMENT EFFECTIVENESS IN ETHIOPIA	8
IV. AID MANAGEMENT PLATFORM (AMP)	9
V. DEVELOPMENT COOPERATION ARCHITECTURE.....	10
VI. DAG WORKING GROUPS & ALIGNMENT WITH GTP II.....	10
VIII. ADDIS ABABA ACTION AGENDA (AAAA).....	11
IX. UPDATES FROM DAG WORKING GROUPS	12
1. RURAL ECONOMIC DEVELOPMENT AND FOOD SECURITY.....	12
1.1. Livestock and Fisheries Sector Overview	12
1.1.1. Livestock and Fisheries Production and Marketing Technical Committee	13
1.2. Agriculture and Natural Resources Sector Overview	13
1.2.1. Agricultural Growth Technical Committee	14
1.2.2. Sustainable Land Management Technical Committee.....	14
1.2.3. Rural Job Opportunity Creation and Food Security Technical Committee	14
1.3. Cross-Sector Activities.....	15
1.3.1. National Agricultural Investment Framework	15
1.3.2. Agriculture 2030.....	15
1.4. On-Going and Future Challenges.....	15
1.4.1. Climate Change and Recurring Drought	15
1.4.2. Population Growth	16
1.4.3. Low Productivity	16
1.4.4. Land.....	16
1.4.5. Water	16
1.5. RED&FS Development Partners Co-Chairs (2017-2018)	16
2. WATER, SANITATION AND HYGIENE (WASH)	17
2.2. Plans for the next year.....	19
2.3. Challenges and Opportunities.....	20
3. PRIVATE SECTOR DEVELOPMENT AND TRADE (PSD/T) SWG	21
3.1. Achievement.....	22
3.2. Challenge.....	23
3.3. Future Plan.....	23
4. Governance Technical Working Group (GTWG)	24
4.1. Mapping of Donor Support	24

4.2. Governance Dashboard	26
5. HEALTH POPULATION AND NUTRITION (HPN) SWG	26
5.1. Major Achievements	26
5.2. Challenges and Opportunities.....	28
6. DONOR GROUP ON GENDER EQUALITY (DGGE)	30
6.1. Progress Made in 2017	31
6.2. Achievements.....	32
6. MONITORING AND EVALUATION WORKING GROUP	33
X. FINANCIAL SUMMARY.....	34
XI. Annexes	35
11.1. Technical and Sector Working Groups Structure.....	35

ACRONYMS

AAAA	Addis Ababa Action Agenda
AfDB	African Development Bank
AIM	Aid Information Management
ATA	Agricultural Transformation Agency
CMP	Community Management Project
CSO	Civil Society Organization
CWA	Consolidated WASH Account
DAC	Development Assistance Committee
DAG	Development Assistant Group
DFID	Department for International Development
DPs	Development Partners
EDCTF	Effective Development Cooperation Task Force
ESAP	Ethiopia Social Accountability Programme
EU	European Union
FFD	Financing For Development
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
GTWG	Governance Technical Working Group
HLF	High Level Forum
IMF	International Monetary Fund
IP	Implementing Agency
IPs	Industrial Parks
JICA	Japan International Cooperation Agency
JTR	Joint Technical Review
KOICA	Korean International Cooperation Agency
LFPM	Livestock and Fisheries Production and Marketing
MDGs	Millennium Development Goals
MoA	Ministry of Agriculture
MoANR	Ministry of Agriculture and Natural Resources
MoARD	Ministry of Agriculture and Rural Development
MoFEC	Ministry of Finance and Economic Cooperation
MoLF	Ministry of Livestock and Fishery
MoWIE	Ministry of Water, Irrigation and Energy
MSF	Multi-Stakeholder Forum
MTR	Mid-Term Review
NDRMCC	National Disaster Risk Management Coordination Commission
ODA	Official Development Assistance
OECD	Organization for Economic Co-operation and Development
OWNP	One WASH National Program
PBS	Protection of Basic Service
PFM	Public Financial Management
PIF	Policy and Investment Framework
PSRC	Policy Studies and Research Center
PSTD	Private Sector & Development and Trade
RC	Resident Coordinator
REDFS	Rural Economic Development and Food Security
RP	Responsible Party

FOREWARD

The Development Assistance Group (DAG) has been in existence since 2001, with the main objective to promote greater effectiveness in the delivery of official development assistance (ODA) and to foster cooperation and coordination among all development partners and with the Government of Ethiopia (GoE).

Significant achievements were registered in the past year and half, including among others: development partners having actively supported the prioritization and proper management of sectoral resources; advocated for balance between federal capital expenditures and allocation to basic services in light of equity and regional disparities; held regular high level dialogue between the DAG ExCom and the Deputy Prime Minister H.E Demeke Mekonnen on the collective response to drought emergencies; strategic dialogue and advocacy on the humanitarian-development nexus and resilience building. The consultation forum with development partners to monitor progress made towards the objectives of the GTPII-the Annual Periodic Review- where it was highlighted among others, the need for a comprehensive and integrated industrialization strategy; inclusive citizen partnership and conducive business environment for the private sector. All the result of efforts to increase the impact of development cooperation, effective dialogue has taken place at technical levels in sector working groups co-chaired by both the GoE and development partners and high level engagement with government at the Government-DAG High-Level forum.

Other milestones include, the strengthening in terms of mandate and function, the effective development cooperation task force (EDCTF) chaired by MOFEC; and Ethiopia's active contribution and participation to the second monitoring round of the Global Partnership for Effective Development Co-operation (GPEDC) which showed significant progress in alignment, country ownership and mutual accountability. In an era of competing priorities, collective efforts and stronger partnership to promote the effectiveness of development co-operation remain key. This was especially illustrated by the GoE's proposal to realign and restructure some sector working groups (SWGs) in order to enhance delivery on the GTPII and the SDGs. As a result, the past year has seen the creation of the Climate Resilience & Green Economy Forum, the revitalization of the Monitoring and Evaluation group & the Gender SWG and the restructuring of the water SWG to include sub groups of water and energy.

The next year will be critical as Government and development partners explore new approaches towards building resilience of communities and strengthening adaptive capacities of government systems to withstand shocks brought about by climate change. It also marks the midpoint of implementation of the second Growth and Transformation Plan which cycle ends in 2019/2020. Given Ethiopia's continued high growth and ambition to become a lower middle-income country by 2025, and to achieve the Sustainable Development Goals by 2030, there are clear incentives for Government and development partners to come together in even closer cooperation and partnership in support of the country's development results.

On behalf of the Development Assistance Group we are pleased to share with you this annual report, which provides an overview of the activities and successes the DAG has achieved in partnership with the Government of Ethiopia.

This reports aligns with the Ethiopian fiscal year and it covers the period from **July 2016 to December 2017**.



Leslie Reed
DAG Co-Chair
USAID Mission Director



Ahunna Eziakonwa-Onochie
DAG Co-Chair
United Nations RC/HC

I. BACKGROUND

Ethiopia is the second populous country in Africa with a total population of 94.3 million. The Ethiopian economy has seen rapid growth at a double digit rate for the past decade. The economy grew 10.9% in 2016/2017, according to the National Bank of Ethiopia. The country has a vision of becoming a middle income country by 2025. Ethiopia's per capita GDP has more than doubled from USD 396 in 2010/11 to USD794 in 2015/16 according to the preliminary poverty analysis report of the National Planning Commission. ¹The report indicates that incidence of national poverty declined from 29.6% in 2010/11 to 23% in 2015/16. The achievement in poverty reduction could be attributed to the wide range of multi-sectoral pro-poor programmes implemented throughout the country. The regional poverty head count index has declined across all regional states and in both urban and rural areas. However, the rural poverty incidence is almost twice as high as the urban poverty. Between 2010/11 and 2015/16 about 5.3 million people has been lifted out of poverty. Although the total population has increased from 84 million in 2010/11 to 93 million in 2015/16, the number of poor population declined to 21.8 million from 25.1 million. The report shows that income inequality measured by Gini Coefficient of consumption expenditure increased from 0.3 to 0.33 at national level. Ethiopia has lower levels of inequality rates, although disparities persist among regions.

Ethiopia managed to reduce poverty over the past decade significantly and achieved social gains across sectors. However, poverty eradication remains an overarching development challenge and a national priority. According to the World Bank Country Partnership Framework, poverty rates declined from 55.3% in 2000 to 33.5% in 2011. ²

II. THE IMPACT OF EL-NINO ON THE ECONOMY

Ethiopia is highly susceptible to shocks – particularly climate change. UNDP's 2015 Human Development Report and the World Bank's 2014 Poverty Report both note that for Ethiopia's most vulnerable, acute poverty increased over the past decade. The country is subject to increased vulnerability to climate change. Ethiopia has experienced droughts and floods every decade because of El Niño and La Niña weather events, since 1953. These events may become more severe and frequent due to climate change, with the most vulnerable people bearing the brunt. The country is highly vulnerable to the adverse impacts of climate change, because of heavy dependence on rain-fed agriculture.

According to Ethiopian Humanitarian Country Team (EHCT) the number of people requiring humanitarian assistance in Ethiopia has tripled, since early 2015. El Niño has severely affected food security and agricultural production in Ethiopia, with cascading effects on livelihoods, nutrition, health, water, sanitation, education and other sectors. This is due to the combined effect of drought, flooding, disease outbreaks, malnutrition, and the disruption of basic public services, including health and education. The most

¹ An interim report on 2015/16 poverty analysis study, National Planning Commission, September 2017.

² World Bank Country Partnership Framework, For the Democratic Republic of Ethiopia 2018-2022.

affected regions include Afar, Amhara, Dire Dawa, Harari, Oromia, the Southern Nations, Nationalities and Peoples' (SNNP), Somali as well as Tigray.

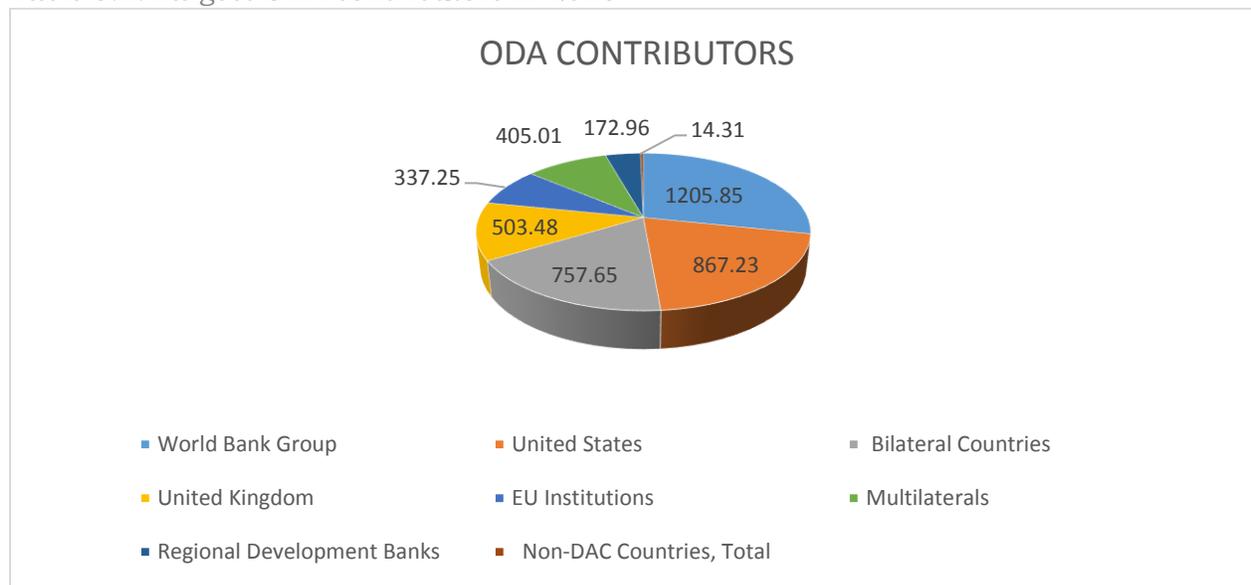
Acute Watery Diarrhea (AWD) has spiked sharply, nationwide in 2016 at least 2,700 cases and 20 fatalities were recorded. In addition, other endemic diseases such as measles, meningitis, malaria, dengue, yellow fever and scabies are compounding pressure on an already overstretched health system.

Drought and flooding caused by El Niño affect women and girls in particular ways. A Rapid Gender Analysis conducted in March 2016 revealed that meal rationing in food-insecure areas disproportionately affects women. Women suffer most from health complications and malnutrition as a result, mostly pregnant and breastfeeding mothers. Girls' schooling is more affected than boys', as parents withdraw girls from school first when family income is dwindling and when additional help is required in the household, to fetch water or take care of younger siblings. Women also face risks of different forms of violence, including, when men leave their families behind to look for casual labor opportunities in nearby cities.

III. DEVELOPMENT EFFECTIVENESS IN ETHIOPIA

Ethiopia has received a total of USD 4,263.74 million Official Development Assistance (ODA) from development partners in 2016 according to OECD/DAC data. While the overall volume of official development finance is significant, ODA per capita is US\$37, which is below the sub-Saharan average of US\$45 per capita. The largest contributors of ODA are the World Bank's IDA, the United States, the United Kingdom, the European Union, African Development Bank, Global funds, Germany and United Nations, Canada and Global Alliance for Vaccines and Immunization (GAVI). Ethiopia receives grants and financing from other sources, including from non-DAC partners, south-south partnerships such as China, India and philanthropic organizations.

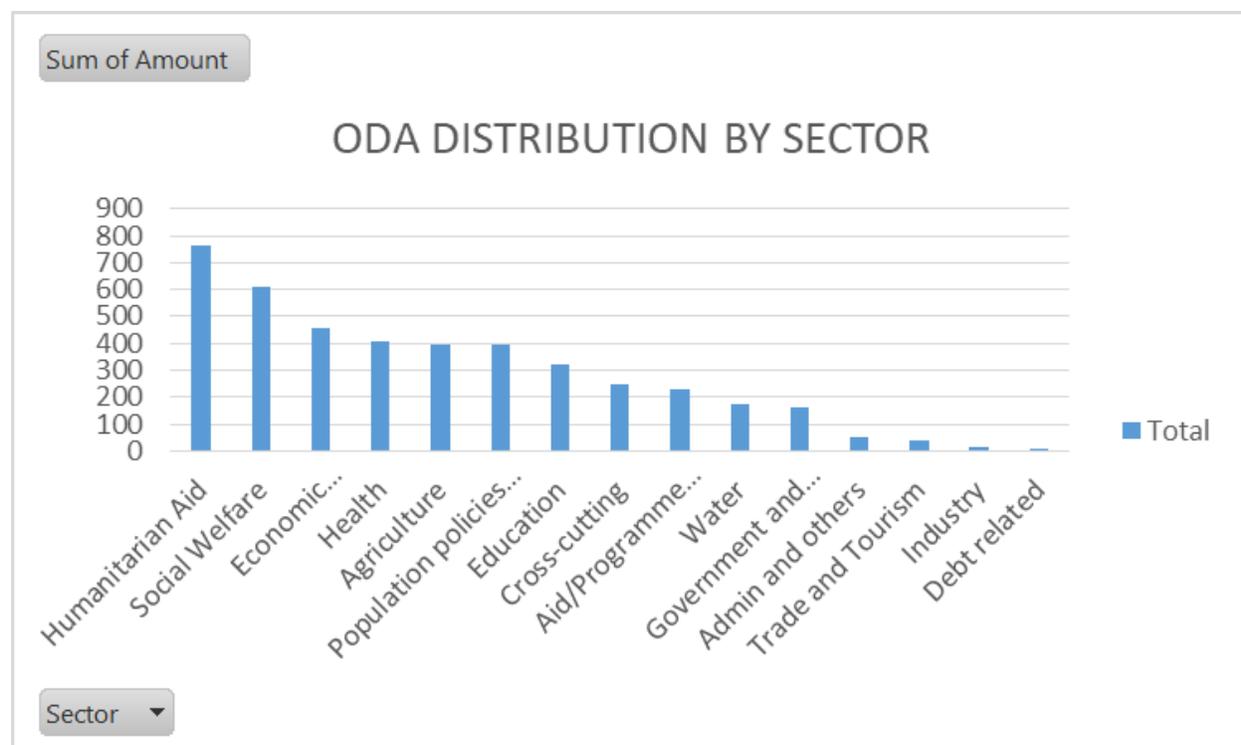
Table 3.1. Largest ODA contributors in 2016



Source: OECD/DAC data in constant price in million <http://stats.oecd.org/>

Sectoral distribution of ODA shows that due to the El-Nino induced drought, 18% of the total ODA went to humanitarian assistance, while social welfare accounts 14%, economic infrastructure 11%, health 10%, agriculture 9%, population policies & reproductive health 9% and education 7.5%.

Figure 3.1. Sectoral Distribution of ODA.



Source: OECD/DAC data in 2015 constant price <http://stats.oecd.org/>

IV. AID MANAGEMENT PLATFORM (AMP)

The Aid Management Platform (AMP) has been updated to version 2.13 with the support of DAG pooled fund. The new version has features such as the global partnership indicator; annual and medium term aid predictability; aid on budget, use of country systems, automatic validation and freezing of historic data that have been incorporated to assist AMP users to generate user-friendly reports for researches, policy decisions and conducting monitoring surveys. The platform provide up-to-date Official Development Assistance (ODA) data for evidence based planning, monitoring and evaluation.

Table 3.2. Top five ODA, Grant and Loan contributors to Ethiopia in 2016/17-AMP data

No.	Agency	ODA	Agency	Grant	Agency	Loan
1.	IDA	1,125million	USAID	247.3 million	IDA	1,062.2 million
2.	China	249.6 million	WFP	225.9 million	China	249.5 million
3.	USAID	247 million	DFID	222.9 million	AfDB	215.8 million
4.	DFID	222.8 million	UNICEF	135.9 million	IFAD	50.8 million
5.	AfDB	217.8 million	EU	103.3 million	OFID	40.8 million

Source: Aid Management Platform <http://amp.mofed.gov.et/>

MoFEC with the support of the DAG pooled fund recruited two IT professionals – a Software developer , a Database manager - and procured five laptops to adequately capacitate MoFEC’s IT department to enable the IT team to autonomously manage the Aid Management Platform. A series of trainings and technical assistances were provided to the new and existing IT experts and AMP focal points to ensure the efficient utilization of the platform by entering quality and timely data. MoFEC publishes the ODA Annual Statistical Bulletin using AMP data biannually for planning, monitoring and research purposes.

V. DEVELOPMENT COOPERATION ARCHITECTURE.

The development co-operation architecture in Ethiopia comprises the biannual High-level Forum (HLF) between the Government and development partners, chaired by the Minister of Finance and Economic Cooperation (MoFEC); the Effective Development Co-operation Task Force (EDCTF), which follows up action points of the HLF and guides Sector Working Groups and Sector Working Groups that are co-chaired by the relevant sector Ministries and DAG members. These structures oversee the aid effectiveness action plan, and the overall coordination of development cooperation and Global Partnership on Effective Development Cooperation (GPEDC) monitoring surveys. The DAG structure includes the DAG Heads of Agency; the Executive Committee; Technical Working Groups.

Global Partnership data indicates that significant progress has been made in alignment, country ownership and mutual accountability. While Official development assistance predictability and use of country systems showed improvements, annual predictability and medium-term predictability has declined. Midterm predictability declined significantly from 385% in 2012/14 to 33% in 2016. The sharp decline in midterm predictability is due to the change in data source. Previously medium term predictability used to be forecasted by MoFEC based on partner’s disbursement trend in the past. In 2016 the methodology was changed and it was calculated using data provided by development partner agencies.

VI. DAG WORKING GROUPS & ALIGNMENT WITH GTP II.

In line with the GTP II, the DAG Sector Working Groups have been streamlined with Government’s priorities. In an effort to better institutionalize and strengthen the GoE-DAG coordination structure, Terms of Reference (ToRs) were prepared for the Effective Development Cooperation Taskforce (EDCTF) and Sector Working Groups (SWGs). The generic ToR guide SWGs to further enhance their function in their respective sectors prioritized in meeting the objectives of the GTPII.

MoFEC engaged line ministries and consulted widely with the DAG to revamp existing Sector Working Groups and create new ones in accordance with GTP II priorities. SWGs that were inactive such as the Civil Society Sector Working Group (CSSWG) and Monitoring and Evaluation Working Group (M&EWG) have been revitalized. A bi-annual forum on Climate Resilience Green Economy and Gender Sector Working Group (GSWG) has been established. The energy sub-group under water and energy sector working

³ Making Development Cooperation More Effective, 2016 Progress Report, GPEDC

group is initiated to further enhance dialogue between Government and development partners in the sector.

At technical level, the co-chairs of various Sector Working Groups regularly briefed DAG Heads of Agency on a monthly basis. The monthly meetings serve as a platform to share information for strategic engagement with the Government and to address issues timely.

VII. GTP II and SDGs IMPLEMENTATION.

The second Growth and Transformation Plan (GTP II) of Ethiopia has fully encompassed relevant Sustainable Development Goals (SDGs) into the national development plan. The Development Assistant Group (DAG) through its Sector Working Groups participates in the Annual Progress Review (APR) meeting of GTP II by providing constructive inputs and comments to advance the implementation of the plan. The 2016/2017 GTP II APR was conducted at the end of June.

DAG members through the Co-Chairs communicated to the National Planning Commission and Ministry of Finance and Economic Cooperation (MoFEC) that receiving the Annual Progress Report at least 15 days before the APR would allow development partners to prepare adequately and engage more substantially in providing feedback from the different SWGs for future APR consultations. Allocation of adequate time for discussions on the day of the APR itself; the selection of a suitable time for both GoE and development partners and the presence of high level government officials were recommended as some of the elements that would improve the quality of deliberations.

VIII. ADDIS ABABA ACTION AGENDA (AAAA)

In line with the outcome of the third International Conference on Financing for Development (FFD3), DAG and GoE agreed at the 17th High Level Forum to jointly prepare a roadmap to effectively implement the Addis Ababa Action Agenda (AAAA). This new global framework attempts to finance sustainable development by aligning all financing flows and policies with economic, social and environmental priorities.

MoFEC decided to hire a consultant given the scope of analytical work required to prepare the AAAA roadmap. Accordingly Terms of Reference were prepared by a taskforce comprised of five DAG members. The consultant produced a report that mapped existing interventions and identified new and additional resource requirements to match the GTP II's objectives in order to facilitate the implementation of the SDGs. The roadmap included comprehensive analysis of the financing landscape in Ethiopia. However, the taskforce recommended the consultant to enhance the draft road by including a concrete monitoring and evaluation framework. Subsequently, MoFEC agreed to outline the way forward; engage pertinent line ministers and follow-up on the implementation of the roadmap closely.

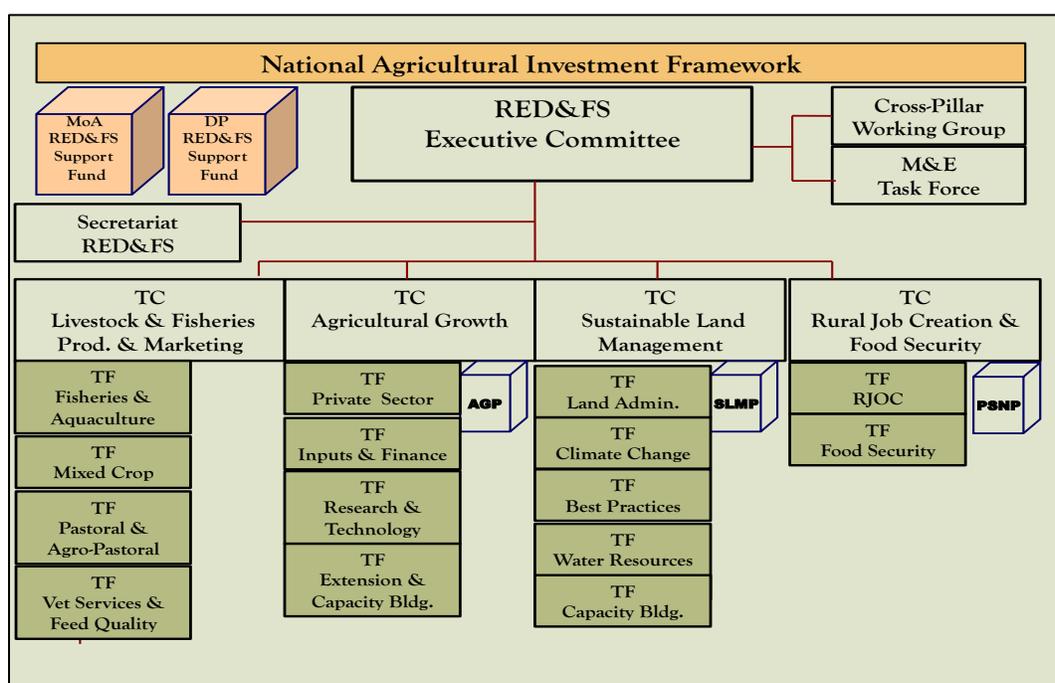
IX. UPDATES FROM DAG WORKING GROUPS

1. RURAL ECONOMIC DEVELOPMENT AND FOOD SECURITY.

The Rural Economic Development and Food Security Sector Working Group (RED&FS) was established in 2008 as a platform that brings together the newly merged Federal Ministries (Livestock and Fisheries Production & Marketing and Agriculture & Natural Resources) in order to collectively define the development priorities of government, mobilize and coordinate investments, avoid overlaps in activities and engage in strategic dialogue.

The institutional structure of RED&FS roughly mirrors the institutional structure of the Ministries and consists of Task Forces positioned at the Directorate level; Technical Committees based at the State Minister level and an Executive Committee based at the Federal Minister level. The platforms are supported by a joint Secretariat that provides diverse facilitation and support to the broad platforms.

Figure 9.1.1. RED & FS Institutional Structure



Source: Rural Economic Development and Food Security (REDFS) Sector Working Group.

1.1. Livestock and Fisheries Sector Overview

Accounting for a quarter of national and 40% of agricultural GDP, livestock play a crucial role in national development. At more than 50 million, Ethiopia's livestock population is the largest in Africa and according to some sources the eighth largest globally. Mixed crop-livestock farmers comprise more than 80% of the rural population and supply most of the country's food. Since 2010, the production of commercial livestock products—meat and milk, skins and hides, and poultry—increased by more than 50%.

The Fisheries and Aquaculture sector in Ethiopia has historically been diminutive and practiced in small-scale traditional methods, mostly centered in the Rift Valley Lakes and Lake Tana. However the potential of fish and aquaculture production is significant. Hydro dam construction creates potential habitat and the Sebato Fish Research Center has been developing and promoting improved and adapted technologies for fisheries and aquaculture. The first task of the new Fisheries and Aquaculture Task Force has been to develop a Strategy that will bring direction to further development.

Since it was first established in 2015, The Federal Ministry of Livestock and Fisheries has continued to evolve and establish new offices and platforms. In 2017 a new Federal Minister, H.E. Fekadu Beyene, was appointed. The Federal Ministry now consists of three State Ministries, namely Livestock Production, Livestock Marketing and Veterinary Services and Feed Quality.

1.1.1. Livestock and Fisheries Production and Marketing Technical Committee

The Livestock and Fisheries Production and Marketing Technical Committee (LFPM TC) is chaired by the three State Ministers and in 2016-2017 was Co-Chaired by FAO and UNDP. The Technical Committee has established four focused Task Forces; i) Mixed Crop and Livestock; ii) Pastoral and Agro-Pastoral Production; iii) Veterinary Services and Feed Quality and iv) Fisheries and Aquaculture. All of these platforms produced and activated annual work plans. Documents produced included the Fisheries and Aquaculture Strategy, a Prosopis Management Strategy and a Pastoral Extension Strategy.

1.2. Agriculture and Natural Resources Sector Overview

Agriculture accounts for approximately 40% of the Ethiopian GDP (global average is less than 4%) and provides a livelihood for 80% of the population. Most of that production is small-scale, rain dependent, low input production. The main export crops are coffee, flowers, oilseeds and livestock products. Agriculture systems are varied and adapted to the 32 different agro-ecological zones of the country. According to REDFS Ethiopian agricultural research has actively developed improved inputs and technologies, however the transfer of these technologies, largely due to an under-capacitated extension system, is inefficient and uptake by farmers is limited. In recent years the agriculture strategy has been on agro-industrial development designed to further commercialize the sector, creating employment opportunities and foreign currency earning export products.

In the Natural Resources Sector, great swathes of Ethiopian landscape vividly display the results of natural resource degradation. Historically, significant damage to the environment has been incurred through over-cultivation, over-grazing and deforestation, resulting in loss of biodiversity, erosion and desertification. REDFS estimates indicate that up to 85% of the land in Ethiopia is moderately to severely degraded. Ethiopia has invested significantly in protection and rehabilitation of natural resources through large programmes such as the Sustainable Land Management Programme (SLMP) and the Productive Safety Net Programme (PSNP) public works. However, growing populations, expansion of urban areas and increased industrialization have aggravated the potential for significant loss of water, land and air quality through environmental degradation and pollution.

The three main flagship programmes, the Agricultural Growth Programme (AGP), the Sustainable Land Management Programme (SLMP) and the Productive Safety Net Programme (PSNP), characterize the agriculture sector investment profile. These programmes allow the Government and development partners to make significant and applicable investments towards the development priorities of Ethiopia and represent effective mechanisms of resource effectiveness.

1.2.1. Agricultural Growth Technical Committee

In 2016-2017 the Agriculture Growth Technical Committee was chaired by new State Minister H.E. Tesfaye Mengiste and Co-Chaired by the Canadian and Italian Development agencies. The Technical Committee consists of four task forces, namely Private Sector Development; Research and Technology; Extension and Capacity Building and Inputs and Finance. The sector produced a number of strategy papers including; a Mechanization Strategy; an Agricultural Extension Strategy and an Agriculture Nutrition Mainstreaming Strategy. The sector also conducted studies on: Contract Farming; Cereals Exports; Agriculture Sector Taxation and an Assessment of Extension Educational Materials.

The sector flagship Agricultural Growth Programme continued its objective of increasing agricultural productivity and commercialization of smallholder agriculture. Now in its second Phase (2015-2020), the Agricultural Growth Programme (AGP) will invest 580 million USD with 5.3 million households as direct and indirect beneficiaries.

1.2.2. Sustainable Land Management Technical Committee

The Sustainable Land Management Technical Committee (SLM TC) in 2016-2017 saw a new Chair State Minister Dr. Kaba Urgessa and continuing as Co-Chairs was the World Bank and Germany-GIZ. The Technical Committee has five Task Forces including; Land Administration; Water Resources; Climate Change; Capacity Building and Best Practices. The sector produced a CRGE Mainstreaming Guide; an Obsolete Chemical Disposal Strategy and continues to work on a Capacity Development Strategy and a Lowland Natural Resource Management Assessment.

The sector flagship Sustainable Land Management Programme (2014-2019) continued its work in decreasing land degradation and increasing land productivity, with a value of 250 million USD, reaching 417,614 beneficiary households.

1.2.3. Rural Job Opportunity Creation and Food Security Technical Committee

The Rural Job Opportunity Creation & Food Security Technical Committee (RJOC & FS TC) in 2016-2017 also welcomed a new State Minister and Technical Chair H.E. Damenu Tulu. The Technical Committee was Co-Chaired by USAID and World Bank. The Technical Committee has two Task Forces, namely Rural Job Opportunity Creation Task Force and the Food Security Task Force. The sector has just finalized the Rural Job Opportunity Creation Strategy.

The Productive Safety Net Programme entered its fourth Phase (2015-2020) in July 2015. The PSNP presently reaches 7.997 million beneficiaries and is currently funded with 3.6 billion USD over its five years. However, this amount still leaves a significant

funding gap that the government and development partners have been trying to mitigate, in order to avoid stepping back on programme components.

1.3. Cross-Sector Activities

1.3.1. National Agricultural Investment Framework

Recognizing shortcomings in the previous Policy and Investment Framework (PIF), the Government and development partners embarked on the production of a new National Agricultural Investment Framework (NAIF). The NAIF will be a comprehensive document that will act as the operational guide to the rural development sections of the GTP II, reflect the principles of the Comprehensive Africa Agriculture Development Programme (CAADP) Malabo Declaration, and harmonize the various sector strategies in the agriculture sector.

A broad multi-disciplined Task Team was formed to guide the process and Terms of Reference was developed to anchor the process. At year end the Agriculture Policy Unit of the Ethiopian Development Research Institute was identified to lead the NAIF with strategic support from the International Food Policy Research Institute (IFPRI)

The NAIF will be designed to guide agricultural investment through 2025 and will however have the flexibility to be revised, when GTP II is completed and replaced by the next generation GTP.

1.3.2. Agriculture 2030

Agriculture 2030 is a project that is being done in partnership with IFPRI. It will involve producing a general equilibrium model that will allow for projections of the agriculture sector based on various scenarios of its variables. This model is expected to feed into the policy planning processes within RED&FS.

1.4. On-Going and Future Challenges

1.4.1. Climate Change and Recurring Drought

In the last several years Ethiopia has been greatly impacted by the phenomenon of erratic rainfall patterns and drought. The crop and livestock sectors have been negatively impacted by the failure to reach the goals underpinned in the GTP II. The livestock sector in particular suffered setbacks in 2016 due to the drought. The drought is also cited as a factor in the failure to reach PSNP graduation targets. The loss of advancements gained through development initiatives and investments further emphasized the need for the development sector to build robust resilience components into programming and the need for the development and humanitarian sectors to communicate.

Under the El Niño phenomenon, characterized by drought and unusual rainfall patterns, the resilience of agriculture and food security was severely challenged. According to REDFS in 2016, up to 17 million people depended on the PSNP and HRD for their food security. Advances made in agricultural production and livelihoods can be lost in months. The livestock sector, critical in the lowland pastoral areas, was especially hard hit. The government and development partners will need to critically evaluate the response to the drought and develop strategies to minimize the damage brought on by climate related shocks.

1.4.2. Population Growth

According to REDFS the population of Ethiopia is currently approaching 100 million. In spite of a reduction in births per family, it is estimated the population will double to 200 million over the next forty years. This burgeoning population will exert greater pressure on already precarious land and water resources and further challenge food security

1.4.3. Low Productivity

Research and technology has identified improved agricultural inputs in the form of quality seeds, fertilizers, pesticides and practices. However, generally the uptake of these improved inputs is slow. This may be due to challenges in the distribution system, lack of credit or a reluctance of farmers to make investments in land that they have no tenure. Productivity of crops and livestock involves a complex relationship between many actors in the value chains and related sectors. Increasing productivity then requires a holistic multi-sector approach.

1.4.4. Land

Ethiopia is reaching the limits to expand its arable lands. Increased production of food will in the future will not rely on expanding land use but on significantly increasing productivity in order to match population growth.

Land holdings are becoming more and more fragmented with the shrinking of individual holdings. In some vulnerable regions the average holding may not be more than 0.5 hectares, which restricts use to subsistence production.

At the same time, much productive farmland has been taken over by industrial and urban expansion. A comprehensive Land Use Plan (in process) is critically needed to rationalize land use and protect agriculturally productive areas.

1.4.5. Water

95% of Ethiopian farmers are dependent on rainfall, which has been inconsistent in recent years. This has led to investments in small and large-scale irrigation projects. However, a comprehensive analysis of water availability and use is lacking. The construction of hydro dams and the issue of water pollution further complicate this balance. The solution to this will need to bring together a broad range of stakeholders in order to coordinate their undertakings.

1.5. RED&FS Development Partners Co-Chairs (2017-2018)

Entering the 2017-2018 year, the incoming RED&FS development partners' executive members were established in order to have them assume duties in September. The incoming executive is:

Table 9.1. Co-chairs of RED FS and sub-groups.

Co-Chair Positions 2017-2018	Institution
RED&FS Sector	European Union
	USAID
Livestock Production and Marketing	UNDP
	TBC
Agriculture Growth	GAC Canada
	ICA Italy
Sustainable Land Management	GIZ Germany
	World Bank
Rural Job Opportunity Creation and Food Security	World Bank
	DFID United Kingdom
Additional Members of Executive Committee	ILRI
	IFAD
	AECID Spain
	FAO

Source: Rural Economic Development and Food Security (REDFS) Sector Working Group.

2. WATER, SANITATION AND HYGIENE (WASH)

The Water Sector Working Group (WSWG) is a platform that brings together the Government of Ethiopia (GOE) and its development partners to jointly promote, support, and coordinate sustainable and integrated development and management of water resources for socio-economic development in line with the Growth and Transformation Plan II (GTP-II). The WSWG was established in 2014 and has proven to be an effective platform to enhance coordination and share sector learning. Detail financial and sectoral analysis were presented to the DAG Heads of Agency (HoA) meeting in May 2017 by the WSWG co-chair (UNICEF). The WSWG is built on two thematic technical committees (TCs): Water, Sanitation and Hygiene (WASH) and Water Resources Management (WRM). Each Technical Committee is chaired by a state minister in the Ministry of Water, Irrigation and Electricity (MOWIE), and co-chaired by two development partner representatives. The WASH TC is further broken down into four sub-groups: Emergency WASH Task Force, Rural WASH Technical Working Group, Hygiene and Environmental Health Task Force, and Urban WASH Technical Working Group. The work of the WSWG and its subgroups is supported by a Secretariat based at MOWIE with funding support from the United States Agency for International Development (USAID) programmed through UNICEF.

2.1. Achievement

The GoE made significant progress in the water sector during the implementation of GTP I, in particular on the achievement of Millennium Development Goal (MDG) Target 7c for access to safe drinking water with considerable support from development partners (DPs)—including bilateral donors, multilateral agencies, international financial institutions, and civil society organizations, who together provided substantial financial and technical support. According to the 2015 WHO/UNICEF Joint Monitoring Program report, Ethiopia increased access to improved drinking water from 14% in 1990 to 57% in 2015—meaning the country met its MDG target for access to safe drinking water; however, the country failed to meet its the target on access to basic sanitation. This good progress continues under GTP II, which establishes more ambitious targets for water supply and sanitation, and which aims further acceleration in the coming years.

Key achievements during the period include:

- **Initiated the review of the One WASH National Program (OWNP):** During GTP I, the GoE with support from DPs launched the world's largest sector wide approach to WASH, the One WASH National Program (OWNP). The program brings together four ministries and consolidates planning, budgeting and reporting in an effort to modernize the way water and sanitation services are delivered to the people of Ethiopia so as to improve the health situation, decrease school drop-out rates. The overall OWNP is currently being revised with financial support from UNICEF, and the targets are expected to be adapted to GTP II and SDGs. The revised version of the OWNP (phase two) is expected to be ready by the end of 2017.
- In parallel to the revision of the OWNP, **the OWNP-CWA (Consolidated WASH Account), also initiated a review of the previous phase.** The Consolidated WASH Account (CWA) is a pooled fund supported by the World Bank, the African Development Bank; United Kingdom Department for International Development (DFID), UNICEF, and the Finish cooperation also joined in 2017. The next phase includes a revision of the CWA Programme Operation Manual (POM), the adaptation of the programme to GTP II, SDG and the additional funding, which is expected to complement the existing commitments.
- **Systems Approach to Operation and Maintenance:** Over the past five years, the GoE with support from development partners—particularly the Government of Finland—has empowered community-based WASH Committees (WASHCOs) to take a greater role in the management and construction of rural WASH facilities through capacity building on administration, operation, maintenance, and financial literacy. Additionally, the World Bank, African Development Bank, Governments of Italy, France, UK and UNICEF have supported the establishment of the Water Resources Development Fund which provides on lending facilities to urban water utilities for the management and construction of urban water facilities. With the revised service norms outlined in the GTP II, the Government and development partners have identified the need for enhanced management models that involve rural water utilities, public private partnerships and regional maintenance funds to assist WASHCOs to improve levels of functionality.
- **Coordinated El Niño and IOD response:** In 2015/16, Ethiopia was affected by its worst drought in decades due to a severe El-Nino effect predominately affecting Afar, northern Somali, eastern Amhara, eastern Tigray, eastern SNNP and central and southern Oromia regions. Under the leadership of MOWIE with support from the Ethiopia WASH Cluster led by UNICEF, the GoE and development partners have together delivered rapid and effective emergency WASH services to populations affected through the rehabilitation and upgrade of nonfunctional water supply systems, the provision of household level water treatment chemicals, and sustained hygiene and sanitation awareness messages among others. In 2016, the sector had an unprecedented response to the crisis, reaching over 10 million people and mobilizing USD 118 million with strong support from the Governments of US, UK, EU, Germany and Japan. In 2017, the Indian Ocean

Dipole (IOD) stroke Somali and Afar regions, as well as Eastern parts of SNNPR and Oromia, continuing a large scale emergency response. From January to June 2017, the sector has reached 5.3 million out of its HRD-2017 revised target of 10.4 million people in need; has mobilized significant resources which have been prioritized to water trucking; and is also responding to an Acute Watery Diarrhea (AWD) outbreak that is affecting Somali region as well as other parts of the country.

- **Water Sector Working Group (WSWG):** The WSWG and its sub-groups have contributed to increase coordination and alignment between the different stakeholders. Some key activities carried out under the WSWG include:
 - Facilitated the 2017 Multi Stakeholder Forum with the ONEWASH coordination office. The 8th Multi Stakeholders Forum (MSF) of the WASH sector was successfully conducted in March 2017, after series of Joint Technical Reviews in the regions by Government and Development Partners. The conclusions of the WASH Multi-stakeholder Forum were discussed at the Sanitation and Water for All (SWA) High Level Meeting organized in Washington DC in April 2017.
 - The WSWG-Secretariat, with information from MoFEC and almost thirty (30) Development Partners produced a WASH finance analysis. The report showed that the current sector investment (both emergency and development) is estimated to be USD 475 million per year, which exceeds previous estimates and highlights the important financial role of regions and the key role of CSOs/UN as implementing partners..
 - Three Ministries- Ministry of Agriculture and Natural Resource (MoANR), Ministry of Water, Irrigation and Energy (MoWIE) and Ministry of Environment and Climate Change (MoECC) having formally endorsed the synthesis note on priority areas (hotspots) for Water Resources intervention and a Joint Technical Review, followed by a Multi Stakeholders Forum (WRM-MSF) was planned for the second half of 2016 but postponed due to the instability and other reasons..
 - During the period key sectoral processes have been conducted, including the final approval of the Integrated Urban Sanitation Hygiene Strategy and Strategy Action Plan (IUSHS&SAP), the discussions on defining a rural water utility model, or the discussions on piloting the creation of a regulatory agency in Amhara and Oromia regions with support from Brazil (South-South cooperation).

2.2. Plans for the next year

GTP II articulates ambitious targets in the WASH and Water Resource Management (WRM) subsectors and focuses on a number of strategic objectives, including upgrading the water supply infrastructure and service levels to the level of a middle income country, promoting good governance in the sector and building the sub-sector's implementation capacity. Development partners will continue to align programs to meet GTP II and SDG targets and is planning to focus on a number of strategic areas:

- **Updating and continue supporting the OOWNP:** During GTP II, development partners will continue to work with the GoE to further strengthen the OOWNP. To advance program implementation, development partners expect to focus resources together with the GoE on meeting the “resilient WASH” needs of the lowland areas of Ethiopia. To achieve the universal target of providing access to safe and sustainable water, development partners will be required to increase their support to the OOWNP Resilient WASH pillar.
- **Exploring additional funding opportunities.** The WASH finance analysis shows that the country needs a seven-fold increase of investment in the WASH sector to achieve SDGs by 2030. That significant increase cannot be achieved only by increasing ODA and treasury funds. Therefore there is need to explore other financial mechanisms, including 3Ts (Taxes, Tariffs and Transfers), blended financing, climate finance, commercial finance, etc.
- **Create investment plan for WRM:** A number of targets outlined in GTP II depend on the availability of water resources—from enhanced agricultural production and greater hydropower generation to increase per capita domestic water consumption. Given the competing demands on water resources, the GoE together with partners will work systematically to understand critical gaps in water resources management and subsequently prioritize investment opportunities—beginning with the first Joint Technical Review (JTR) for Water Resource Management and Multi-Stakeholder Forum (MSF) to be convened in the second half of 2017. The objective is to develop a costed proposal for WRM national programme by mid-2018.
- **Integrate learning from El Niño and IOD droughts:** The GOE and DPs together learned a lot during the latest droughts. The country is vulnerable to extreme weather phenomena such as droughts and floods, and it will increase both frequency and intensity due to climate change. Therefore, there is need to further mainstream the concept of resilience in both emergency and development interventions. In 2017, the only reliable sources available in Somali region were deep boreholes, therefore there is increased recognition in the sector that further work needs to be done in order to secure water sources that last along the year and during dry spells. At the same time, the functionality levels need to increase to ensure that the resilient water sources are fully operational. The successful WASH cluster structure, with 4Ws matrix (Who, What, Where and When) and Information Management Officers deployed in every region, also needs to transition into a government structure, eventually under the MIS (Monitoring Information System) that is being implemented under the OOWNP.

2.3. Challenges and Opportunities

The Joint Monitoring Programme (JMP) report of 2016, which set up the baseline for SDGs, uses different indicators of safely managed water supply and sanitation. The new SDG indicators indicate Ethiopia stands as the second lowest - among the 96 countries reported- in terms of safely managed water supply (followed only after Uganda) and Ethiopia stands as ninth-lowest among the 75 countries reported in terms of safely

managed sanitation. The 2017 planned National WASH Inventory -2 will provide important data to assist regional level OOWNP investments.

Policy/Governance:

- The SDGs represent an ambitious target to Ethiopia, therefore there is need to define country specific goals for 2030, aligned with GTP II.
- In October 2017 –and as part of the OOWNP review process- a Bottleneck Analysis Tool (BAT) and a Water Regulation workshop is planned, which is expected to provide better clarity on the key policy/governance issues in the country.
- There is need to increase sector capacity (Government, private and community levels) to accelerate access to water sanitation and hygiene in the country
- The rural water utility model is also expected to be approved (and manuals developed) during the next period,
- Collaboration/harmonization of practices between national basin management practice with transboundary basin management (e.g. Omo Gibe basin and Turkana basin under UNEP/UNDP regional program);
- Local environmental legislation and sustainable water use policy's enforcement;

Knowledge management and capacity building:

- Public education/awareness creation on WRM and WASH through presentation at the DAG HoA meeting and Nutrition Development Partners Forum held in 2017,
- Publication and dissemination of the ONEWASH programmes progress at the Stockholm Water Week and other international events,
- Creation of effective knowledge management platforms for institutional memory and information sharing.

3. PRIVATE SECTOR DEVELOPMENT AND TRADE (PSD/T) SWG

Private Sector Development and Trade Sector Working Group (PSDT SWG) jointly with the Governance Technical Working Group (GTWG) and the Macroeconomic Discussion forum prepared a brief for DAG Heads of Agency meeting in September 2016 on the challenges of the socio-political unrest and on how to engage with the GoE. Key feedback received from the group indicated the following

- i) "new signals coming from GoE" remained unclear,
- ii) the majority of EU investors considered they had been impacted by the unrest and future progress on private sector involvement depended on the capacity of GoE to provide investment protection measures and
- iii) the question of land ownership and sustainable land transactions was considered a key issue for future expansion of private investments in Ethiopia.

The PSDT SWG provided inputs together with GTWG to DAG retreat discussion in February 2017. The paper aimed at mapping out development partners programs that might contribute to the reform themes of the President's speech in October 2016 for better coordination and highlighted the following:

- i) Three issues were identified for successful management of the socio-political crisis, i.e. land management, labor regulatory environment and social accountability mechanisms;
- ii) "Decent employment for all based on a renewed social contract with interventions in the five key areas i). Education, ii). Urbanization, iii). Access to finance for self-entrepreneurs, iv). Labor policy and v). Land management.

PSDT SWG met with MoI in November 2016 to discuss on the State of Emergency and its potential impact on future private sector investments as well as to an agreement towards the creation of three technical working groups. Furthermore, the development partner's project matrix was updated and the format was amended to include information on sectoral studies implemented by each development partner and pipeline interventions.

The PSDT SWG considered that enhancing private sector dialogue would be best done at technical level and the group agreed to create three technical working groups with the aim to increase coordination among partners and tackle more technical issues relevant to the sectors:

- 1) Textile: two meetings were held in February and May 2017
- 2) Leather: two meetings were held in February and May 2017
- 3) Agro-processing: two meetings were held in February and May 2017

3.1. Achievement

Technical sessions:

- H&M representative office, organized a textile workshop in Mekele (February 2017) with the aim to gather all partners (including local government's representatives and garment manufacturers) around a discussion on how to contribute to a more sustainable development of the textile industry in Mekele based on learnings from three years of active H&M presence in Ethiopia.

Fig. 9.3.1. Hawassa Industrial Park



Source: Private Sector Development and Trade Sector Working Group.

- A workshop was organized by DFID in March 2017 on Hawasa's Industrial Park experience aimed at identifying the key knowledge gaps facing actors around the park as well as brainstorming around issues related with labour market/productivity, gender and social protection services, and urban services;
- The Multi Donor Initiative (MDI) held a presentation/discussion session in March 2017 on the Doing Business index report 2017 and the plans of the Ethiopian Investment Commission to improve Ethiopia's performance in the Ease of doing business indicators;
- JICA organized a consultation with the Sector Working Groups in April 2017 on a potential support to one of the core programs of Ministry of Industry (MoI) under formulation related with Quality, Productivity and Competitiveness. The meeting highlighted areas for better coordination with other ongoing initiatives.

3.2. Challenge

- The PSDT SWG is chaired by the Ministry of Industry. Even though the ToR indicates the involvement of other key Government agencies and private sector representative bodies, participation from other line ministries and private sector has been very weak. This has resulted in the discussion to focus mainly on Industry specific topics and support;
- The frequency of the meetings remains below target for the second consecutive year, with only one SWG meeting held from July 2016 to June 2017 (in November), whereas the ToR requires regular meetings to be held bi-monthly.

3.3. Future Plan

- Reviving the active participation of line Ministries and the Private Sector to reflect better the Trade and Private Sector focus of the PSTD SWG;
- Streamlining donors interventions and maintain a systematic follow up matrix in line with the expected results under GTP II;
- Revising the ToR for the SWG if and when necessary in consultations with the Government;
- Incorporating agenda items on trade and business climate topics with MoI to deepen dialogue;
- Organizing technical sessions – either thematic or specific topic of concern or visit to special areas of interest (at least one joint visit to Hawassa Industrial park before end of 2017 followed by a technical discussion on Ethiopian Investment Commission (EIC), Industrial Park Development Corporation (IPDC);
- Maintaining regularity of Technical Working Group sessions in the three thematic areas identified (Textile, Agro-processing and Leather) and identifying new areas for future technical working groups as necessary.

4. Governance Technical Working Group (GTWG)

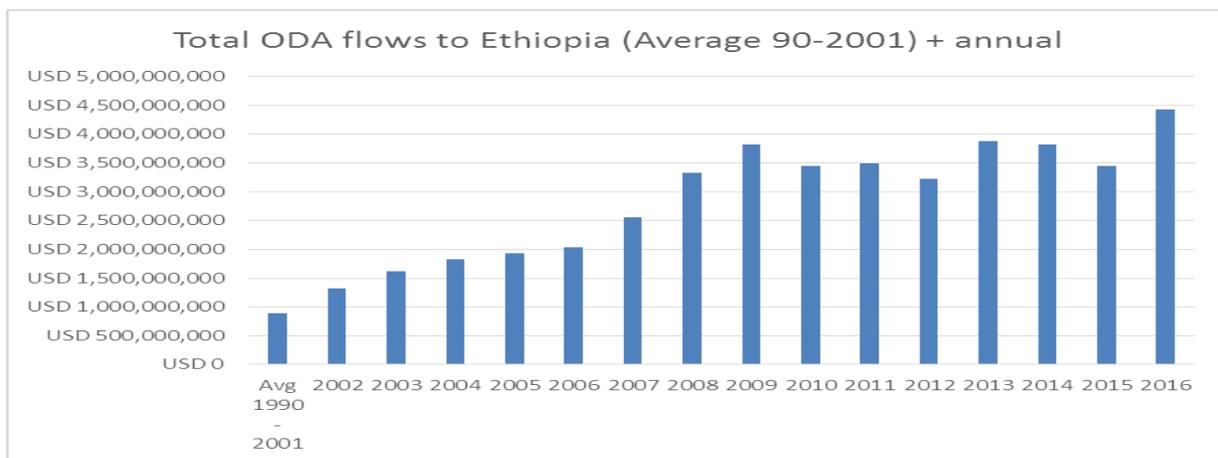
This progress report gives account of the Governance Technical Working Group (GTWG) and its Sub-Groups contributions to the work of DAG during the last eighteen months period. The reporting period was overshadowed by the State of Emergency (starting on 9th October 2016) - both being a response to governance-related challenges and severely impacting the governance situation in Ethiopia.

GTWG and its sub-groups continued to provide relevant technical advisory services to the DAG, by analyzing the situation and making policy recommendations to the DAG.

4.1. Mapping of Donor Support

Firstly, the GTWG undertook a mapping exercise in November/December 2016 that detailed out a twenty-six-year (1990 – 2016) donor countries’ investment history in Ethiopia. In reporting the outcome of the exercise, the GTWG produced a paper titled **“Determining DAG actions regarding Governance and the State of Emergency in Ethiopia to support a peaceful and inclusive outcome”** which was intended to contribute to the DAG Retreat discussion/narrative that happened in February 2017. According to the paper, the 30 DAG members collectively contribute the majority of ODA to Ethiopia. The analysis further showed that average assistance since 2008 has been USD\$3.6 billion per annum. During the 2011 drought, an additional USD\$428 million was provided and USD\$784 million in response to the 2015-2016 drought, which was induced by El Nino⁴. Since 1991, Ethiopia’s development partners (DPs) have invested USD\$48.1 billion, the majority by DAG partners.

Fig 9.4.1. Below shows ODA trends from 1991 with DAG members having contributed almost all the values shown.



⁴ Note that 2016 figures might include El Nino contributions

Similarly, in nine out of the ten possible ‘reform areas’ identified in the President’s Speech to the House of Federation in October 2016, the GTWG’s analysis⁵ of DAG’s financial pipeline from 2017 - 2022 shows commitments, or near commitments⁶, worth USD\$3.787 billion, an indication that the DAG was already providing a tremendous amount of support. See below⁷.

Table 9.4.2. DAG projected spend in ‘reform areas’

Potential Reform Area Spend 2016-2022	Millions USD\$
Identity & Diversity	0.9
Voice & Participation	136.3
Democratic & Accountability Oversight Institutions	17.2
Good Governance/Governance Effectiveness	295.3
Peace & Stability	10.5
Resilience	2,966.8
Industrial Transformation	180.5
Land Related Issues	198.6
Social, Economic & Political Integration of Youth	8.1
Total	3,814

In response to a special request from the DAG-HoAs, the GTWG undertook an additional study on the degree of DPs’ financial support to democratic institutions and processes in Ethiopia, generating the information below⁸:

Table 9.4.3. Funding by DAG members for the Democratisation Institutes as of Feb 2017.

Democratisation Institute	Total USD\$ 2016-2022
Ethiopian Human Rights Commission	1,235,471
Ethiopian Institution of the Ombudsman	11,524,620
Federal Ethics and anti-Corruption Commission	
House of Peoples Representatives and Regional State Council	280,000
House of Federation and SNNPR Council of Nationalities	4,286,714
National Election Board of Ethiopia	
Office of the Auditor General	8,312,620
Total	25,639,425

⁵ See note on GTWG mapping of DAG DP’s programmes to 9 of the 10 ‘reform areas’ February 2017

⁶ ‘Near commitments’ are programmes which have been largely agreed by the DP and the GoE and the funds have been budgeted.

⁷ DAG partner’s funding pipelines as compiled by the GTWG Feb 2017.

⁸ Analysis of DPs support to governance variables in Ethiopia compiled February 2017.

4.2. Governance Dashboard

Another significant support the Technical Working Group provided to the DAG was the newly designed, interactive “Governance Dashboard”. In the course of quarter two of the reporting year, the GTWG continued to engage with external thinkers to reflect on Governance trends in Ethiopia in order to provide regular updates to the DAG-HoAs on critical governance issues.

Recognizing the interplay of many sectors’ and the potential implications for Ethiopia’s stability and resilience, the dashboard aims to assist the DAG consider how their work in various sectors can contribute to overall inclusive stability. The dashboard contains composite and sector risks ranging across political, security, economic, humanitarian and regional issues, with each linked to several proxy indicators on various governance issues. Relevant global indicators, which give a sense of trends in Ethiopia year to year, are included on issues such as fragility, rule of law, ease of doing business, etc. The aim of the dashboard is to stimulate DAG level discussion on what can be done to support positive, inclusive outcomes to the challenging Governance environment within Ethiopia through being able to consider the interplay of multiple sectors.

The Group also facilitated some reflection on the UNDP coordinated Governance Development Programme and maintained mapping of ongoing Governance programmes, their counterpart institutions, timelines and budgets to assist coordination between partners in Governance.

The GTWG’s Human Rights and Democracy Sub-Group (HRDSG) provided analysis and discussions on the recently GoE launched National Human Rights Action Plan II and the Civil Society Support Group (CSSG) provided substantive analysis on the CSO-GoE dialogue and issues within the CSO sector more generally.

5. HEALTH POPULATION AND NUTRITION (HPN) SWG

The Health Population Nutrition Sector Working Group is a platform that brings together the development partners and the Ethiopian Federal Ministry of Health (FMoH) to promote, support and coordinate effective and sustainable strengthening of the Ethiopian health service delivery system and to achieve the goals of the Health Sector Transformation Plan (HSTP, 2015-2020), in line with the Growth and Transformation Plan II (GTP II). The FMoH and HPN group, in addition to multi-lateral and bilateral partnerships, hold high-level Joint Consultative Forums (JCFs) to facilitate policy dialogue and address binding constraints to accelerate progress towards the Health Sector Transformation Plan and health Global Goals. Joint Consultative Forums have enabled evidence-based decision making and harmonization and alignment of investments to respond to increasingly complex health challenges in Ethiopia.

5.1. Major Achievements

Ethiopia continues to make a remarkable progress in the health sector, as demonstrated in the 2016 Ethiopian Demographic and Health Survey. Between 2011 and 2016, under five mortality rate declined from 88 to 67 deaths per 1,000 live births; the prevalence of stunting among children decreased from 44 to 38 percent; use of family planning improved from 29 to 36 percent; deliveries at health facilities increased from 10 to 26 percent; and, child vaccination improved from 24 to 39 percent.

As a result of these improvements, two million more women are using modern family planning methods; 500,000 more women are accessing safe delivery services; 500,000 more children are being vaccinated; and, 30 million more people are receiving treatment from public health facilities today, in comparison to 2011. These results have contributed to 68,000 fewer deaths of children and women in 2016, in comparison to 2011.

Also, Ethiopia has made impressive gains in health in the last five years at very low cost. Currently, the country spends around \$29 per capita per year on health, significantly below the World Health Organization's recommended level of \$44 for providing basic, life-saving services. Although the progress has been impressive, Ethiopian accomplishments should be set in the context of the very low base Ethiopia's public health services started from. Despite progress, the public health system today still has variable capacity and remains under-resourced, and nearly 13,000 pregnant women and more than 200,000 children continue to die each year in Ethiopia. Most of these deaths could be avoided with increased efforts.

To accelerate progress, the HPN group and FMoH has recently extensively deliberated (in a two-day workshop) to enhance the existing joint priority setting, planning, delivery and reporting mechanisms to support to the Government-led health sector transformation agenda. Also, the HPN group critically reviewed on-going and proposed initiatives to make progress towards HSTP and highlighted the following high impact initiatives, challenges and opportunities to the FMoH as key areas for continued collaboration:

- **The Health Extension Programme (HEP):** has contributed to the implementation and scale up of key promotive, preventive and selective curative public health interventions in the country. The FMoH has deployed over 40,000 Health Extension Workers (HEW) in the past decade. These workers have made significant contribution to the Maternal, Neo-natal and Child Health (MNCH) outcomes. Despite progress, coverage of Maternal Newborn Child Health interventions in Ethiopia is still not universal, and quality of care remains variable. Recognizant of the challenge, in 2016 the FMoH initiated the Health Extension Programme review process and development of the revitalized HEP strategy with key stakeholders at regional and sub-regional levels.
- **Quality of Care:** The FMoH has developed the Health Sector Quality Strategy (HSQS) for 2016-2020, aiming to consistently improve the outcomes of clinical care, patient safety, and patient-centeredness, while increasing access and equity for all segments of the Ethiopian population. Also, at federal Ministry of Health level, a Health Service Quality Directorate (HSQD), supported by a National Health Care Quality Steering Committee, has been established. The FMoH is also planning to introduce an innovative integrated care-pathway (expanded Practical Approach to Care Kit, PACK+) to improve treatment quality of most common communicable and non-communicable conditions experienced by Ethiopians.
- **Community-Based Health Insurance (CBHI)** represents the government leadership in pro-poor health policy, demonstrating a powerful commitment to raising domestic resources. The scheme will be a major step on the pathway to

Universal Health Coverage, if successful. However, to make it effective and successful, significant amount of additional macro as well as micro level evidence-based strategies need to be developed and implemented.

- **Harmonization and Alignment:** There has been progress on harmonization and alignment and a reduction in donor reporting requirements but a lot more needs to be done. The FMoH and HPN groups are developing practical actions for realizing the one plan, one budget and one report coordinated vision in the health sector.
- **Public Financial Management (PFM):** The Ethiopian Government's Public Financial Management (PFM) system is reasonably good, and Ethiopia is one of the only countries in Sub-Saharan Africa where donors still have confidence to put money through the government system. Recent ratings of Ethiopian PFM system from donors show continued progress. Almost all internal audit reports of the FMoH in the past three years have been 'unqualified' and a physical inventory of property is being conducted annually at all levels of the health sector.
- **Emergency Health:** The health sector has achieved a lot against the backdrop of consecutive droughts, disease outbreaks, and extraordinary influxes of refugees from South Sudan and Somalia. Furthermore, important strides have been made to protect the developmental gains in the advent of emergencies and develop community and system resilience. One such initiative is to try out the integrated management of both moderate and severe acute malnutrition through the routine health system, which will reduce the burden on the health system; minimize the service delivery costs; ensure the malnourished children receive a full cycle of treatment and thereby increase the community engagement and demand for health and nutrition services. However, a lot needs to be done to link humanitarian response with longer term developmental initiatives. Also, there is an urgent need to create an effective rapid response/surge capacity and to establish the Ethiopian Institute of Public Health Emergency Management (IPHEM).

5.2. Challenges and Opportunities

- Despite the impressive progress mentioned above, the absolute levels of morbidity and mortality is still high, and moreover there are strong disparities in access to basic health care across the socioeconomic status, gender, and livelihood. For instance, while 85% of the richest women receive antenatal care from a skilled provider, only 48% of the poorest receive the same skilled care. The issue of equity and inclusion will continue to constitute the core of the HSTP.
- The level of financing on health sector remains under USD 29 per capita per year, well below global recommendations. This calls for continued prioritization of resources for health by all actors at all levels, while necessitating the need to diversify funding source in view of the evolving global funding landscape. For instance, the Sustainable Development Goal Pooled Fund (SDG-PF) whilst having grown considerably from a smaller beginning has virtually halved in size from its peak. There are related concerns about the predictability of financing flows from

development partners. In response to this challenge, the FMoH is developing the Health Care Financing Strategy (HCFS, 2017-2025) to guide a transition to a more sustainable financing for health, through gradual replacement of external fund by domestic fund.

- Given the constraints in health financing, development partners and the Government of Ethiopia both acknowledge that there is significant potential revenue and expertise from remittances and the diaspora community. The Ministry of Health has committed to doing more to support diaspora to use their technical skills to support healthcare in Ethiopia. In particular, the Ministry recognizes that diaspora often wish to make improvements in their home town or region, and have a particular comparative advantage in tertiary care compared to what the Federal Government can afford and provide.
- It has been noted that there is a wide discrepancy between the data generated through the routine Health Management Information System (HMIS) and findings of the population and facility based surveys. These discrepancies are making difficult to objectively assess Ethiopia's progress towards HSTP and Global Goals on an annual basis, and hampers evidence-based planning and decision making on an annual basis. Despite this limitations, data from household and facility based surveys which are being carried out once in two to three years are of very high quality to set valid and reliable baselines for HSTP and undertake mid-term and end-line assessments.
- **Inter-sectoral coordination:** Similarly there are common challenges in coordinating development partners and government Ministries on an inter-sectoral basis. The HPN Group acknowledges that it needs to do more to work with non-health partners such as nutrition, WASH and energy to ensure we collectively meet our goals. The HPN Group will begin a series of dialogues to leverage the One WASH National Programme (OWNP) and help broker coordination between the Ministry of Health and Ministry of Water, Irrigation and Electricity to improve Institutional WASH. At present a very high proportion, over half in some areas, of health facilities lack running water – but with better coordination this can be addressed, since the funding streams exist in the OWNP.
- **Reduction in Transaction Costs:** The HPN group is continually looking for ways to better partner with the Government of Ethiopia, and in particular to reduce its transaction cost. Efforts are underway to:
 - Rationalize the number of meetings and particularly eliminate bilateral discussions as far as possible to free up the Ministry's time to focus on delivery.
 - Donors to commit to reducing the number of indicators they use for their programmes to a standard core as far as possible to reducing monitoring burden on Ministry of Health and Regional Health Bureaus.
 - Reduce the number of duplicative audits from different partners, and as far as possible introduce collective audits which meet partner needs yet reduce burden on the Ethiopian Government, particularly the PFSA.

- **Capacity building and Retention** of skilled health human resources, particular at remote areas and developing regional states. The HPN group and FMoH are developing an integrated capacity building plan (i.e., technical support plan).

6. DONOR GROUP ON GENDER EQUALITY (DGGE)

Ethiopia is signatory of various international agreements on gender and development, such as the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW, 1979); African (Banjul) Charter on Human and Peoples' Rights (1981); the Protocol to the African Chapter on Human and Peoples' Rights on the Rights of Women in Africa (2003); and the Solemn Declaration on Gender Equality in Africa (2004) among others. At the 4th World Conference on Women, held in Beijing in 1995, governments and development organizations agreed to “gender mainstreaming” as a strategy for achieving gender equality and women’s empowerment (GEWE). The Government of Ethiopia (GoE) is showing commitment towards achieving progress in relation to gender equality and women’s empowerment in the country through the adoption of a series of policy and legislative frameworks.

Gender mainstreaming represents a commitment to ensure that women’s and men’s concerns and experiences are integral to design, implementation, monitoring and evaluation of all legislation, policies, strategies and programmes, so that women and men benefit equally from development and inequality is not perpetuated. This agreement reflects the inextricable link between poverty reduction, sustainable development and gender equality.

The establishment of a think tank group interested in gender equality and women empowerment dates back to the early 90s which gave birth to the Donor Group on Gender Equality in Ethiopia (DGGE). Prior to the 4th World Conference on Women, a number of donor agencies in Ethiopia met informally to coordinate and facilitate the participation of representatives from Ethiopia in the conference. Soon after the 4th World Conference on Women, some organizations wished to continue meeting in order to exchange information, coordinate on various activities related to GEWE and to provide strategic technical support to the National Women Machinery and to the Ministry of Women and Children in particular. Since then, the gender group has evolved into a donor coordination group on gender issues with the key mandate to contribute to the strengthening of mainstreaming gender issues and concerns into national and international development policies and strategies.

The Group has been instrumental in providing technical support to the GoE, the Ministry of Women, Children and Youth Affairs (MoWCYA), in the design and in the launch of the various strategies and plans on gender and development. A crucial intervention is the strengthening of the capacity of the Ministry of Women, Children and Youth and the networking and coordination across sectors. Group members have also been involved in providing financial and technical support to Sectoral Ministries on gender issues.

UN Women is the secretariat of the DGGE and is co-chaired by Austrian Development cooperation, Embassy of Sweden , Embassy of Canada, Embassy of the Netherlands, Embassy of Finland, Embassy of Norway, European Delegation, African Development Bank, Italian Agency for Development Cooperation, Embassy of Australia, Embassy of

Ireland, Embassy of France, USAID, UNICEF, UNFPA, UNDP, WFP, GIZ, DFID, Embassy of Japan and the World Bank.

The specific objectives of the DGGE as stated in the group's Terms of Reference (ToR) are the following but not limited to these; i). Strengthen and enhance the capacity of institutions and women's empowerment in policies, programs and projects; ii). strengthen coordination and harmonization amongst agencies, technical working groups, Government and other development partners as well as Civil Society Organizations (CSOs) for the effective delivery of gender equality commitments; iii). Strengthen the exchange of experiences among the group members on gender issues; contribute to policy discussions with the Government; and other sector working groups and stakeholders; and iv). Strengthen the Gender Sector Working Group as a key platform that brings together the Ministry of Women, Children and Youth Affairs (MoWCYA), the Women's Affairs Directorates and development partners.

6.1. Progress Made in 2017

The year 2017 is an opportune year in terms of promoting GEWE and popularizing gender related commitments at global and national level. The Growth and Transformation Plan II (GTP II) and the Sustainable Development goals (SDGs) and sectorial policies have standalone pillar on gender equality and the empowerment of women and gender mainstreaming across the different pillars and goals of the GTP II and SDGs respectively. In this regards, the DGGE has been providing strategic support to the National Women Machinery (NWM) to be able to engender national development frameworks and acquire necessary knowledge and skills so they deliver for women and girls.

Members of the DGGE have taken active role since the launching of the SDGs and the alignment of the SDG indicators and targets to the GTP II. Ethiopia took a bold step to present its National Voluntary Review report on its implementation of the SDGs focusing on the six sets of sustainable development goals for the 2017 in-depth review of SDGs, which include Goals 1, 2, 3, 5, 9 and 14.

The regular DGGE coordination structure has been a platform that brings development partners and UN agencies working on Gender Equality and Women Empowerment (GEWE) in the country. The platform has enabled members to have regular information and knowledge sharing amongst members and broader stakeholders on emerging developments related to ensuring and promoting gender issues broadly. In addition, research and assessment findings are being shared with the aim of collecting inputs to further enrich and improve the quality of the products.

The DGGE has substantially contributed on promotion of gender equality in Ethiopia by;

- Developing gender sensitive indicators upon request of MoWCA, which were integrated into the Growth and Transformation Plan II;
- Providing technical support to MoWCA to strengthen institutional capacity;
- Through the strategic partnership dialogue members of DGGE have provided substantive technical support and guidance to the MoWCA to fulfill its mandate and championship on GEWE;

- Publishing and sharing policy briefs from different knowledge products produced by its members;
- Assessment on the Implementation of United Nations Security Council Resolution (UNSCR) 1325 within the Humanitarian setting in Ethiopia, Rapid Gender Analysis: Research Report;
- Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) 8th state report and the National Voluntary Review report on the implementation of SDGs in Ethiopia was shared and discussion held on areas of partnership and collaboration;
- Enhancing visibility and prioritizing gender equality issues in national planning;
- Members were able to jointly celebrate events such as the International Women's Day, March 8 and 16 days of activism;
- Having one voice as donors to influence policy and dialogue;
- Consolidate the various initiatives on data collection on GEWE and develop policy brief with particular focus on SDGs and GTP II;

6.2. Achievements.

The Swedish Embassy through its SIDA office in Stockholm and UN Women facilitated training opportunity on gender statistics to Central Statistics Agency senior experts to secure advanced training from April 12-May, 2017. Upon return the experts did data mining from existing data and produced gender statistics for selected sectors.

Analysis of USAID key intervention areas from a gender perspective: The gender analysis report highlighted three development objectives, identified challenges and the support objective to promote gender equality in Ethiopia. Main development objectives include increased economic growth with resilience in rural Ethiopia; increased utilization of health services; improved learning outcomes along with support objectives.

A Fact-finding Mission from Norway: had consultation session with the DGGE to inform the development of a programme known as 'Gender Equality for Development'. Members of the DGGE provided input based on their experience working directly with or through other stakeholders, the Government of Ethiopia particularly the gender machinery.

Issues raised during the consultation include the following; i) huge capacity gap exasperated by high turnover rate; ii). Lack of ownership of interventions; iii). Overlap and duplications and; iv). Sustainability of results as deep rooted patriarchy and stereotypes threaten gains.

Despite the limited space for CSOs working on GEWE, members of DGGE have been providing continued financial and technical support to CSOs under the leadership of EU-CSO fund, which made it possible for some of the CSOs such as NEWA and EWLA to secure funding to implement programmes/projects. CSOs were invited to the DGGE meetings to share experiences and knowledge products from time to time. For instance, CARE-International and USAID presented research finding on the impact of humanitarian crisis on women from which a policy brief was prepared and widely shared as advocacy tool. Handicap International and other CSOs working with persons with

disabilities, made a presentation that triggered a lot of questions and awakened DGGE to pay attention to the issue of disability.

Members of DGGE has been providing continued technical support in engendering national development framework such as the Growth and Transformation Plan II (GTP II) by identifying gender sensitive indicators to ensure gender mainstreaming across the different pillars of the GTP II besides promoting a standalone pillar on gender equality and Women's empowerment.

UN agencies that are members of the DGGE has jointly pushed for an engendered UNDAF with a standalone pillar on equality and empowerment and gender mainstreamed in the other four UNDAF pillars. As part of this effort training on how to mainstream gender in the different phases of UNDAF was conducted by UN Women in collaboration with other UN agencies

DGGE operates as a knowledge hub and information sharing platform both internally and externally. Most members of the DGGE are members of different clusters/sector working groups which made information sharing and exchange very easy. The DGGE has not undertaken tasks collectively as the team does not have budget of its own for the production, publication and dissemination of knowledge products, however most members make financial contribution to such initiatives.

6. MONITORING AND EVALUATION WORKING GROUP

The terms of reference for the Monitoring and Evaluation Working Group (M&E WG) were jointly drafted with National Planning Commission and the DAG M&E Working Group. The M&E WG is co-chaired by NPC and the DAG. The DAG members represented on the Monitoring and Evaluation Working Group (M&E WG) are DFID, World Bank, USAID, UNDP and EU. The World Bank represents the DAG as co-chair of this technical working group. The indicators proposed to monitor GTP II are the subset of indicators in the different sections of GTP II policy matrix and a number of new SDGs indicators in the area of labour and social security, with focus on youth employment. The criteria used by the M&E WG to select the indicators included, significance i.e. indicators that assess progress towards achieving national development goals and relevance i.e. measurability and availability of reliable data.

The DAG M&E Working Group has come up with a set of joint indicators for both Government and Development partners to monitor progress made against GTP objectives. The joint indicators are yet to be formally agreed upon by all stakeholders. However, one challenge that is crucially important to flag is the large disparity between the indicators values that the government reports in the Annual Progress Review (APR) of GTP II and the indicator values that come out of recent surveys. For example, for the year 2016, these disparities are huge and exist in various sector making the whole progress review exercise complicated. Please refer below discrepancy exit in the health sector as an example.

Indicator	GTP-II APR	2016 DHS
Penta 3 vaccination	98%	53%
Fully vaccinated children	88%	39
Measles	91%	54%

X. FINANCIAL SUMMARY

Table 10.1. Financial Contributions to DAG Pooled Fund (July 2016-December 2017)

No	Donors	July – Dec. 2016	Jan.-Dec. 2017	Total Resources
1	Austria	74,310		74,310
2	Australia	10,000		10,000
3	DFID	64,851	64,433	129,284
4	EU		134,627	134,627
5	Finland	22,302	22,396	44,698
6	France	11,062		11,062
7	Germany	53,079	54,289	107,367
8	Ireland		53,706	53,706
9	Italy		53,022	53,022
10	Netherlands	50,268	50,000	100,268
11	Norway	156,877	168,089	324,966
12	Sweden	58,493	61,470	119,964
13	Switzerland		81,313	81,313
14	Spanish Agency for International Development		59,242	59,242
15	USAID		100,000	100,000
	Total	501,242	902,587	1,403,829

Disclaimer: Financial data provided in this report is an extract from UNDP's financial system. All figures are provisional and do not replace certified annual financial statements issued by UNDP.

Table 10.2. DAG Pooled Fund Expenditure July 2016-December 2017

	Description	Expenditure in USD
1	Effective Support to the GTP and MDG Consultative process	323,887
2	DAG and Government dialogue structure function effectively	828,261
3	Enhance the capacity of Government and DPs to achieve aid effectiveness and harmonization targets	240,403
	Total	1,392,551

Disclaimer: Financial Data provided in this report is an extract from UNDP's financial system. All figures are provisional and do not replace certified annual financial statements issued by UNDP.

XI. Annexes

11.1. Technical and Sector Working Groups Structure.

Fig. 11.1.1. DAG Working Groups Architecture

EXISTING, NEW, UPGRADED/REVIVED, FORUMS, SUBGROUPS.

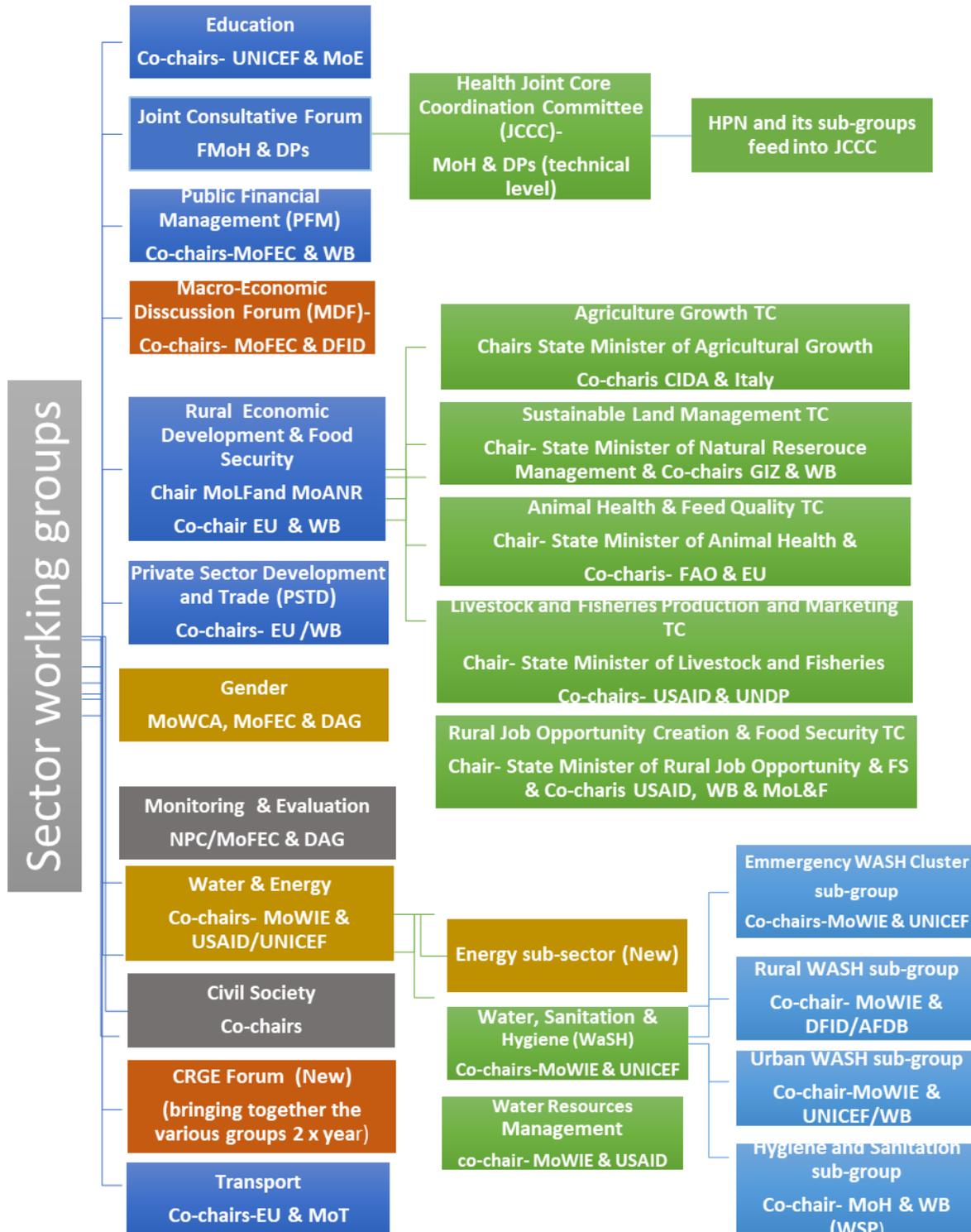


Fig. 11.1.2. DAG Technical Working Groups

