

# DEVELOPMENT EFFECTIVENESS IN ETHIOPIA



DAG ANNUAL REPORT 2015/2016

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## ACRONYM

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
SDGs	Sustainable Development Goals
SLM	Sustainable Land Management
SWG	Sector Working Group
TC	Technical Committee
ToR	Terms of Reference
TSWG	Transport Sector Working Group
TWG	Technical Working Group
UK	United Kingdom
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCT	United Nations Country Team
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNICEF	United Nations Children’s Fund
USAID	United States Agency for International Development
WASH	Water Sanitation and Hygiene
WASH CO	Water Sanitation and Hygiene Community
WB	World Bank
WFP	World Food Programme
WHO	World Health Organization
WRM	Water Resource Management
WSWG	Water Sector Working Group

## FOREWORD

We are pleased to present the Annual Report of the Development Assistance Group (DAG) for the period July 2015- June 2016. This report provides a summary of activities carried out by the Development Assistance Group and its various technical and sector working groups.

Phase V of the Development Partners Support to the Second Growth and Transformation Plan (GTPII) implementation process in Ethiopia came into effect on 1<sup>st</sup> April 2016, aligning itself to Ethiopia's GTP II and the global Sustainable Development Goals (SDGs). The current phase of the DAG Project focuses on sustaining the country's strong economic growth, ensuring inclusive growth that will continuously reduce poverty, and supporting the country's goal to become a carbon-neutral middle-income country by 2025.

Highlights of key activities carried out by the DAG and its working groups include:

- In October 2015, the Prime Minister chaired the presentation of the 2<sup>nd</sup> Growth and Transformation Plan (GTP II) and the review of the first GTP period. Members of the DAG working groups actively participated in these consultations by providing technical inputs and recommendations.
- The DAG held meetings of humanitarian cluster leads, bringing together the humanitarian and development actors to share information and to plan on how to respond to the drought in a more coordinated and effective manner.
- The Membership of the Development Assistance Group keeps on expanding. Recently, the Korean International Cooperation Agency (KOICA) joined the DAG<sup>1</sup> as the 29<sup>th</sup> member of the group.
- A High Level Forum (HLF) with the Government of Ethiopia on social accountability for sustainable development was held on 24<sup>th</sup> March 2016.
- The DAG mobilized USD 969,602,534 to respond to the humanitarian crisis triggered by the effects of El-Niño in Ethiopia in the period July 2015 to June 2016.

We expect the current phase of the DAG project to contribute towards poverty reduction and enhanced dialogue between the GoE and its partners in the coming years to help Ethiopia realize its development goals outlined in the GTP II and SDGs.



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DAG Co-Chair  
Head of Development Co-operation  
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<sup>1</sup> African Development Bank (AfDB), Austria, Belgium, Canada, Denmark, DFID, European Union, Finland, France, Germany, IMF, India, Ireland, Israel, Italy, Japan, JICA, KOICA, the Netherlands, Norway, Spain, Sweden, Switzerland, Turkey, UNDP, USAID, and the World Bank. In addition to the Resident Coordinator, the UN Country Team is currently represented by UNAIDS and WFP.

## OVERVIEW OF DEVELOPMENT ASSISTANCE IN ETHIOPIA

Ethiopia has received a total of USD 3.639 billion in Gross Official Development Assistance (ODA) in 2014 according to the latest available OECD/DAC data. The top five ODA contributors include: World Bank, United States, United Kingdom, European Union and the African Development Bank (AfDB).

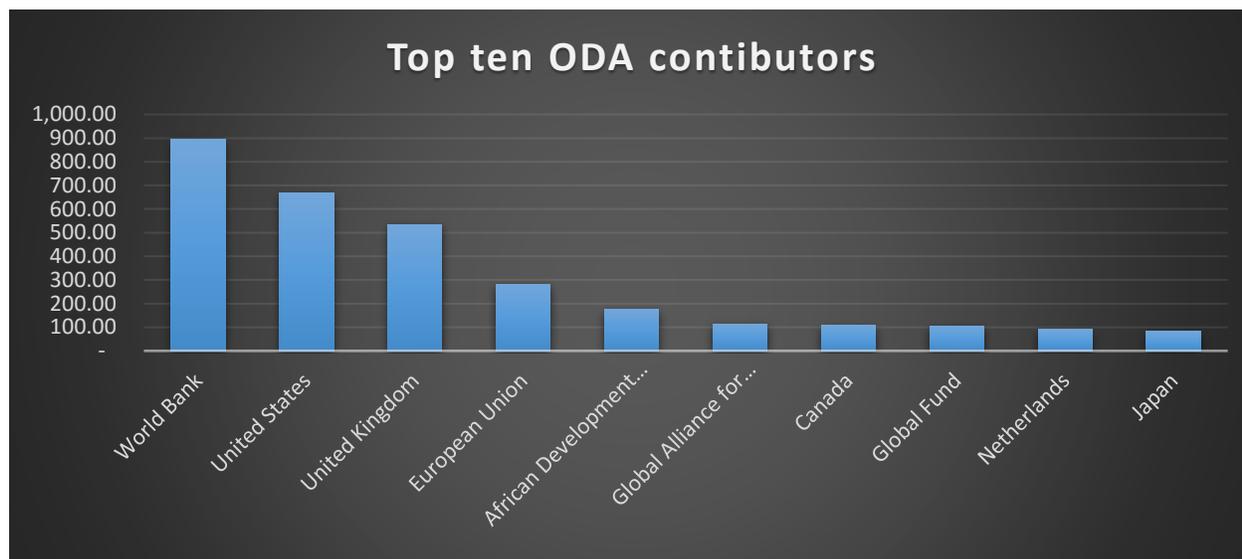


Figure 1: Top ten ODA contributors, OECD/DAC, 2014

Since the launch of GTP I, the highest ODA to Ethiopia was recorded in 2013 amounting USD 3.9375 billion, followed USD 3.6391 in 2014. In 2015 and 2016 due to the humanitarian crisis caused by El-Niño weather condition, development partners were required to frontload funds and shift development assistance towards humanitarian response. Accordingly, USD969,602,534 has been mobilized by DAG members to alleviate the humanitarian challenge faced by the country in the reporting period.

### ODA Flows by Sector

Health, Education, Humanitarian assistance, Population policies, and Agricultural sectors account for more than 50% of the total ODA flows to Ethiopia. The lion's share of the ODA-13.4% went to the Health sector, followed by Education- 11.59% and Humanitarian assistance- 11.39%. A significant portion of ODA, around 10.24%, went to population policies and reproductive health. Figure 2: ODA flows by Sector, OECD/DAC, Creditors Reporting System, 2014

No.	Row Labels	2014
1.	Health	487.6134
2.	Education	421.8795
3.	Humanitarian Aid	414.5161
4.	Population Policies/Programmes & Reproductive Health	372.6829
5.	Agriculture, Forestry, Fishing	319.0011

6.	Other Social Infrastructure & Services	288.252
7.	Commodity Aid / General Programme Assistance	275.1329
8.	Transport & Storage	273.5918
9.	Water Supply & Sanitation	215.3632
10.	Multi-Sector / Cross-Cutting	185.8693
11.	Government & Civil Society	145.6062
12.	Energy	138.5261
13.	Banking & Financial Services	26.12001
14.	Industry	17.71638
15.	Business & Other Services	16.60357
16.	Trade Policies & Regulations	11.3867
17.	Administrative Costs of Donors	10.81455
18.	Tourism	8.355694
19.	Unallocated / Unspecified	5.865223
20.	Communications	3.099037
21.	others	1.117782
	<b>Grand Total</b>	<b>3,639.11</b>

Table 1: OECD/DAC 2014, ODA flows by sector

## THE SECOND GROWTH AND TRANSFORMATION PLAN OF ETHIOPIA

The DAG has been providing support to the National Planning Commission in the preparation of the second Growth and Transformation Plan (GTP) by financing the recruitment of consultants to develop GTP II indicators. The consultants gathered inputs from DAG members, line ministries, private sector and Civil Society Organization (CSOs) and other relevant institutions to come up with a draft indicators, which has been submitted to the commission for consideration in the formulation of GTP II.



GTP II is built on existing sectoral policies and strategies as well as based on lessons learned in the implementation of GTP I and post 2015 Sustainable Development Goals (SDGs). It has also taken into account global and regional economic situations that have direct and/or indirect effects on Ethiopian economy. GTP II pillars include: sustaining rapid economic growth; increasing productive capacity and efficiency; transforming the domestic private sector; building the capacity of domestic construction industry; proactively managing ongoing rapid urbanization; accelerating human development and technology; continuing to build democratic and good governance; promoting women and youth empowerment and building climate resilient green economy.

Ethiopia must make large strides to address challenges related to technology transfer, private sector development, and knowledge and technology transfer between local and foreign enterprises and improved agricultural productivity through forward and backward linkages with rural development – all of which are highlighted in GTP II. Promoting private sector development will be essential to accelerate inclusive economic growth underpinning job creation, export promotion and technology transfer.

## 17th HIGH LEVEL FORUM BETWEEN THE GOE AND DAG

The High Level Forum between the Government of Ethiopia and Development Assistance Group on the theme “Social Accountability for Sustainable Development in Ethiopia” was held on 24th March 2016 at MoFEC. The meeting was opened by H.E. Mr. Abdulaziz Mohammed, Minister of Finance and Economic Cooperation (MoFEC). The Forum was attended by MOFEC State Minister, H.E. Ahmed Shide, senior Government Officials, DAG Heads of Agencies, and experts from various development agencies.

The 17th High Level Forum (HLF) took place at a pivotal time, when Ethiopia was embarking on the second phase of its Growth and Transformation Plan (GTP II) and the launching of Sustainable Development Goal (SDGs). The forum noted that Ethiopia’s Social Accountability Program (ESAP) provided a good entry point to address social accountability challenges in the country and Development partners should jointly work with the Government towards the attainment of GTP II and Addis Ababa Action Agenda (AAAA), which was equally ambitious.

The objective of social accountability programmes is to empower citizens to demand better quality service delivery, requiring service providers to deliver improved quality service in response to citizens’ demands and creating citizens awareness about their responsibility to plan, budget, implement and monitor public basic service delivery in 223 *woredas* representing all regions and involving five sectors. The results achieved through ESAP II comprise increased knowledge of service standards and entitlement; understanding of rights and accountability of service providers; as well as improved linkage between citizens and local officials.

Lessons learned from ESAP II indicate that social accountability requires strong Government leadership and harmonized mechanisms. ESAP has generated strong interest beyond PBS to mainstream social accountability into development programming. It was noted that joint efforts and resources need to be consolidated to expand and mainstream domestic accountability process across all development programs throughout the country. To this end, the DAG recommended tabling the social accountability agenda to the Council of Ministers and mainstream social accountability in all sector working groups and flagship programs.



It was noted that both the Government of Ethiopia and development partners recognize the critical role played by CSOs for the success of ESAP. There are some challenges to date in relation to the operational environment, notably linked to the renewal of licenses. Their role could progressively evolve from one of facilitation to channeling citizens' demand at higher levels. In terms of linking social accountability with wider accountability processes, socio-economic rights are vital. Given that citizen's demand for quality service delivery could create pressure on budget availability, it would be crucial to further link social accountability with Public Financial Management (PFM) to enable citizens to influence prioritization and budget allocation.

In conclusion, development partners said they were committed to work in partnership with the Government and all Ethiopian citizens towards the achievement of Ethiopia's development targets in a manner that best enables citizens' voices to be heard.

## ADDIS ABABA ACTION AGENDA (AAAA)

The third International Conference on Financing for Development (FFD3) adopted the Addis Ababa Action Agenda in July 2015 to address challenges of financing and create an enabling environment to the achievement of Sustainable Development Goals (SDGs). The AAAA provided a new global framework for financing sustainable development by aligning all financial flows and policies with economic, social and environmental priorities. It includes a comprehensive set of policy actions with concrete measures that draw upon all sources of finance, technology, innovation, trade, debt and data.

During the 17th High Level Forum between the Government of Ethiopia and the Development Assistance Group it was agreed that a joint action will be taken to implement Addis Ababa Action Agenda for the achievement of the SDGs and the national development plan (GTP II). The Effective Development Cooperation Taskforce (EDCTF) followed up to jointly prepare a roadmap identifying actions to be taken by the GoE and its development partners to realize SDGs and GTP II through the effective implementation of the AAAA.

To this effect, volunteers from the DAG group - Canada, DFID, Netherlands and UNDP - constituted a taskforce to work with the Ministry of Finance and Economic Cooperation (MoFEC) to develop a roadmap for the implementation of Addis Ababa Action Agenda (AAAA). The task force met on 7th July 2016 to discuss the draft terms of reference and agreed to expand and diversify the membership of the task-force by including other relevant government stakeholders and the private sector. Membership of the taskforce also expanded to form an inter-ministerial group. The taskforce recommended hiring an independent consultant in light of the scope and ambition of the roadmap to explore funding sources. The initial work will be presented at the next High Level Forum.

# I. DAG TECHNICAL WORKING GROUP

## 1. GOVERNANCE TECHNICAL WORKING GROUP

### Major achievement during GTP I period-2010-2015;

Governance was a much discussed topic on the political agenda during the evaluation of GTP I and the drafting of GTP II. As the GoE's flagship initiatives under GTP I demonstrated (with the Promotion of Basic Services Programme and the Ethiopian Social Accountability Programme), strengthened performance by local government linked to increasing public and civil society oversight over key services can result in major development gains.

### Priorities for the coming years aligned with GTP II

The DAG/GTWG has highlighted that strengthening diverse branches of government - including Parliament, as well as the wider Justice Sector are critical if the country is to achieve its development aims in the GTP II period. These non-Executive branches of government, coupled with the wide spectrum of civil society organizations, the media and independent agencies, such as the Human Rights Commission and Ombudsman, are critical partners for GTP II.

Development partners are encouraged by signs of a constructive dialogue between the GoE and civil society during the drafting period of GTP II. However, the GoE's suggestion of partnership and complementarity with the civil society does not seem sufficiently translated into the GTP II. While rent-seeking and corruption is increasingly raised as a major obstacle to full implementation of the country's vision, how GTP II will address this challenge is unclear. Ways to nurture independent checks and balances actors and institutes will also be further explored.

### Challenges and opportunities.

Questions remain on: (1) how democratic systems will be strengthened to ensure genuine citizen engagement; (2) how civil servants will be held accountable as reforms are put in place; (3) how transparent and sound financial management of the public administration regarding overall government expenditure, service delivery and public investments will be strengthened; (4) what the role of the diverse spectrum of civil society - mass based societies, the private sector, unions, think tanks, sectoral associations, advocacy and service delivery organizations - will be in deepening public engagement and oversight, (5) the role of the media in ensuring transparency and accountability; and (6) the government's plan for Rule of Law reforms and ensuring equitable access to justice. On the latter, the DAG notes that partnerships between the EHRC, Universities and Civil Society Organizations are critical to fill the current gaps.

The GTWG has encouraged the Government to scale up and find new models to deepen transparency and social accountability mechanisms. Both new and existing initiatives provide opportunities to link enhanced citizen participation with the flagship development initiatives under GTP-II on a mass scale. The DAG highlights the role of the diverse spectrum of civil society as capable partners of the government to confront the most significant challenges under GTP-II. They can be critical and willing

partners on for example accelerating public access to justice, ending FGM, and promoting social accountability. The GTWG regularly encourages the Government to work on new models of partnership, along the lines of recent GoE-CSO interactions to boost Ethiopia's development outcomes, and strengthen the Government's connection with citizens.

Finally, the GTP II aim of "Strengthening democratic systems" can only be achieved if the Government opens the discussion on Ethiopia's "developmental democratic thinking" to wider stakeholders - whether it is civil society, the media or other institutions - independent of the executive branch. We therefore welcome inclusion of new groups, such as Parliament, and the potential for improving the election system as key to this endeavor.

### Resettlement

The Governance Technical Working Group (GTWG) focused on Ethiopia's finalization of the GTP I, and drafting of the GTP II, resettlement issues, social accountability and Ethiopia's governance structure in the aftermath of the national elections in May 2015.

The GTWG also includes two active subgroups – the Civil Society as well as the Justice, Safety and Conflict Subgroups.

The GTWG conducted a stock-taking exercise on the future of its field mission trips to Ethiopia's resettlement areas. It drafted an internal paper "The way forward regarding DAG Resettlement assessment missions", discussing the issues and options. The paper was approved by the DAG and laid the ground for future field trips. Subsequently, the group redrafted the mission terms of reference, which were approved by the DAG Heads of Agency in December 2015. On these new terms, the group facilitated a first field mission to South Omo, developing the mission notes and facilitating engagements with local government officials.

Recommendations were proposed with regards to mission objectives; methodology; follow-up; communications of mission findings; and internal approvals of mission report. The mission report was published on 18 July 2016

### Social Accountability

The group has continued to encourage the government to transform its strong political commitment to responsive governance into more systemic actions and practices that shift social accountability from being implemented in only some sectors and considered as stand-alone project to a more integrated approach across sectors.

This exercise is part of the GTWG's effort to harmonise donor support and advocate for a more strategic policy orientation. The recommendations from the white paper on social accountability, could help frame a shared perspective to harmonise and strengthen donor support to social accountability in Ethiopia.

### Ethiopia's governance structure

The group held discussions on Ethiopia's new laws restructuring Ethiopia's judiciary powers as well as members' activities on anti-corruption. A sustained dialogue was started with Ethiopia's Policy Studies and Research Center (PSRC), led by Dr. Abay

Tsehay, Political Advisor to PM. The GTWG is facilitating linkages between the PSRC and appropriate think tanks from member states.

## 2. DONOR GROUP ON GENDER EQUALITY

The Donor Group on Gender Equality (DGGE) was established as a donor coordination group on gender issues, with the key mandate to contribute to the strengthening of mainstreaming gender issues and concerns into national development policies and strategies within the framework of the Development Assistance Group (DAG). The specific objectives of the DGGE as stated in the group's Terms of referens (ToR) are:

- To strengthen and enhance the capacity of institutions mandated with oversight functions and roles of gender mainstreaming to effectively mainstream gender equality and women's empowerment in policies, programs and projects;
- To strengthen coordination and harmonization amongst agencies, tecnical working groups, Government and other development partners as well as CSOs for the effective delivery of gender equality commitments;
- To strengthen the exchange of experiences among the group members on gender issues; contribute to policy discussions with the Government; within the DAG; with other sector working groups and with other development partners and stakeholders; and
- To strengthen the Gender Secotor 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.

The Donor Group on Gender Equality has contributed to strategic national issues such as the engendering of the GTP II. The DGGE has made substantive contribution on gender sensitive indicators that MoWCA used to negotiate with the National Plan Commission in the development of GTP II, upon the request of the Ministry of Women and Children Affairs Office, (Please see attached for details).

The DGGE reviewed its Action plan for 2016 with the objective of

- Strengthening harmonization and prioritization of gender equality and women/girls empowerment among donors and development partners in Ethiopia.
- Creating linkages and strengthen collaboration with Government of Ethiopia/National Gender machinery on key initiatives to bridge gender gaps and contribute to the empowerment of women/girls.
- Creating visibility among policy makers and practitioners on emerging issues globally and nationally on gender equality/women/girls empowerment in Ethiopia to inform policy and planning processes.

As part of the action plan, the DGGE have organized knowledge sharing platforms on a number of research outputs related to gender equality and women's rights: the gender profile for Ethiopia; Assessment on the Implementation of UNSCR 1325 within the Humanitarian setting in Ethiopia; Rapid Gender Analysis about gender responsiveness of the humanitarian response to El-Niño.

Based on evidence from various research output the DGGE produced policy briefs and key messages to be used in all encounters and dealings of the DGGE with other Sector working groups, the humanitarian agencies as well as with the Government of Ethiopia.

A one pager key message on Ethiopian Humanitarian Crisis from a gender perspective was drafted and widely shared. This message was presented to H.E. Mrs. Mary Robinson, former President of Ireland and now UN Special Envoy on El Niño and Climate, during her visit to Ethiopia in July 05, 2016, which she used in her meeting with high level delegation of UN and development partners.

The DGGE also invited CSO working on gender related from time to time to have a reality check and discuss the success stories and challenges CSOs face. One of the presentations made was on the situations of Women with Disabilities in Ethiopia, which showed that much has not been done either by GoE and development partners. This forced the group to look into the matter more seriously.

Specific results against prioritized outputs

- Enhanced capacity of institutions mandated with oversight functions and roles of gender mainstreaming to effectively mainstream gender equality and women's empowerment in policies, programs and projects.
  - Ministry of Women, Children and Youth Affairs technically supported to remain on track to continuously and effectively track, monitor and report on Ethiopia's obligations and commitments to gender equality and empowerment of women. The support of DGGE in engendering the GTP II was evidence of this.
  - Establish a child protection working group to be integrated as a standing subgroup of the DGGE. This was endorsed by the DGGE and updates were shared by representatives of the sub group, the French Embassy, and UNICEF
  - Up-to-date data on Ethiopia Gender Profile in order to ensure that issues and challenges associated with gender are taken into account and mainstreamed into national programmes and policies. The finding of the Gender profile was widely shared via email and hard copies were distributed to all interested organizations. (Copies can be shared upon request from UN Women office)
  
- Enhanced visibility and prioritization of gender equality issues (budgeting, special initiatives to bridge gender gaps, planning etc.) in national planning in Ethiopia especially within the context of GTP II and other sector and development plans. As part of this, series of capacity building initiatives have been supported by members of the DGGE towards Strengthened coordination and harmonization amongst donors (DAG, technical/sector working groups etc.), government of Ethiopia through MOWYCA, CSOs and other development partners for the effective delivery of gender equality

commitments in Ethiopia. Dialogue forums have been facilitated that brings a number of CSOs together to share their experiences.

- Strengthened DGGE as a knowledge and coordination hub for results based Gender Equality and Women Empowerment initiatives in Ethiopia.

There is an effort to compile different gender analysis done on different topics and research outputs centrally and make accessible to guide programming and policy interventions. There is an ongoing initiative of collected data, research, assessments and analysis on different topics which the DGGE will do aggressively in the coming year. The EU Gender Task force is contributing to data collection, findings and other EU initiatives such as the EU Gender Action Plan to the DGGE mapping exercised that helps to avoid duplication.

Last but not least the DGGE has served as Information sharing platform on what is going in the country and also globally in terms of ensuring gender equality and women's rights in Ethiopia and beyond. The GeForce campaign was colorfully celebrated together with UN agencies and members of DGGE, which demonstrated strong solidarity and partnership. The 16 days of activism was another joint event that brought members of DGGE, UN agencies and Government counterparts.

## II. DAG SECTOR WORKING GROUPS

### 1. RURAL ECONOMIC DEVELOPMENT AND FOOD SECURITY

#### (REDFS) SECTOR WORKING GROUP

Since its inception in 2008, RED&FS has been based as a platform of the former Federal Ministry of Agriculture MoA (formerly Ministry of Agriculture and Rural Development MoARD). However, in 2015 a significant government re-organization resulted in the establishment of a new Federal Ministry of Livestock and Fisheries (MoLF). At the same time the former government Disaster Risk Management and Food Security Sector (DRMFSS), under MoA, saw the DRM component established as a separate National DRM Commission (NDRMC). The food security component was then included under a new State Ministry of Rural Job Opportunity Creation and Food Security (RJOCFS) within a newly named Ministry of Agriculture and Natural Resources (MoANR).

These changes initiated a significant response from RED&FS. Discussions with both MoLF and MoANR Federal Ministers identified the need to maintain both Ministries under the RED&FS coordination structure. In addition, the need to maintain communication and cooperation between the agriculture sector and the NDRMC was acknowledged.

To maintain these essential ties, RED&FS has established two new Technical Committees representing the MoLF sector. These are the Livestock and Fisheries Production and Marketing TC and the Animal Health and Feed Quality TC. The new RJOCFS State Ministry also established a new TC to represent that Ministry. These new TCs have developed significantly in 2016, mirroring the development of the new Ministries. Sector State Ministers have assumed Chairmanship, DP C0-Chairs

identified, membership established, Terms of Reference developed and sub-sector Task Forces (TFs) established.

The NDRMC, mandated to coordinate and mainstream National DRM activities, will still be engaged in all RED&FS TCs.

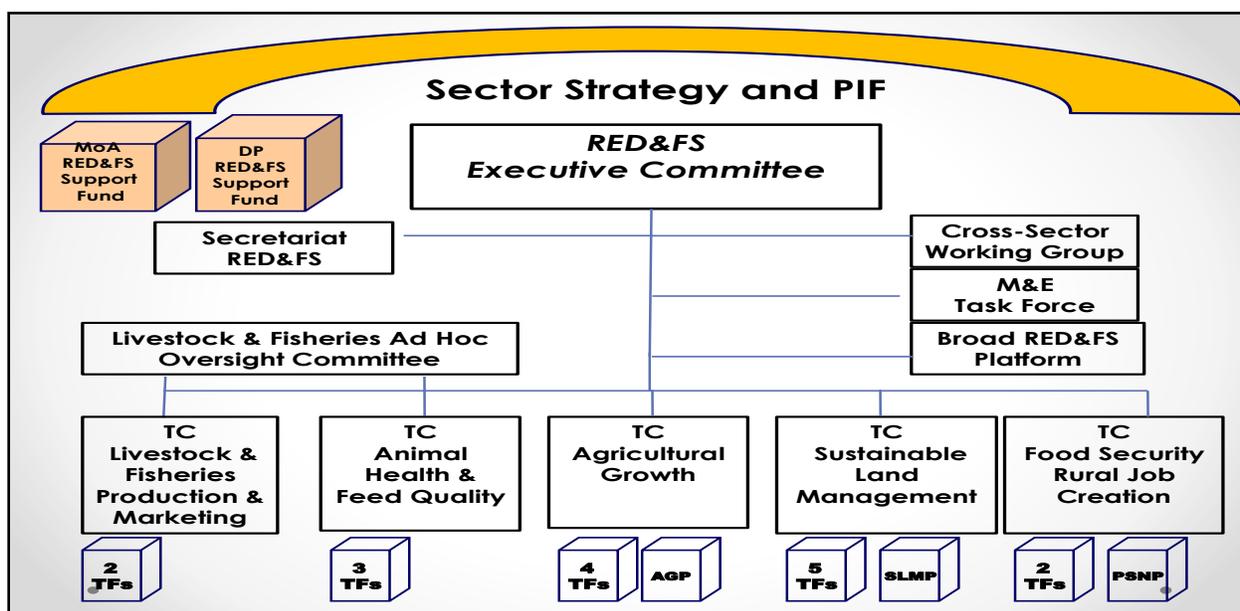
The Chairmanship of the RED&FS Executive Committee will now be shared between the MoLF and MoANR Federal Ministers in a “Dual-Chair” arrangement.

These changes to the RED&FS institutional structure have been significant. However, all parties agree on the critical need to maintain communication and coordination across sectors and are committed to operationalizing the new RED&FS model.

### Funding Sources

Historically the RED&FS was maintained by two main funding pools. The MoA RED&FS Fund was established by AECID in 2013 and was embedded in MoA in support of the activities of the RED&FS Secretariat. This Fund, due to expire in 2016 has been renewed with dual support from Switzerland and Germany. The DP RED&FS Fund, administered through the World Bank expired in 2014. Subsequently, continuing support to maintain the RED&FS Donor Coordinator was provided bi-laterally by FAO, USAID and the World Bank. Negotiations have now identified resources for support of the Donor Coordinator position and RED&FS activities through the Agricultural Growth and Productive Safety Net Programmes. It is also expected that these sources will be complemented by additional bi-lateral investments.

Figure 1 RED&FS Structures 2016



### Cross-Sector Activities

#### Policy and Investment Framework (PIF) Mid-Term Review

The PIF was launched in 2010 as Ethiopia’s CAADP National Agriculture Investment Plan. The PIF articulated the main strategic objectives and priority investment areas for

the agriculture sector. Since its inception, RED&FS has conducted an Annual PIF Review. In 2015, at the mid-point of the PIF (2010-2020), a comprehensive Mid-Term Review (MTR) was conducted.

Significant findings of the MTR revealed less than satisfactory performance of the PIF, especially in the areas of M&E, engagement with policy, linkage with the Growth and Transformation Plan (GTP) and a failure to adapt to a rapidly evolving and dynamic agriculture environment. Subsequent discussions among high-level RED&FS have identified a need to build a stronger, more robust investment framework, embedded within a comprehensive government Agriculture Sector Strategy that is more closely linked to the GTP2. At year's end, these discussions were ongoing and expected to more fully develop in the next year.

## El Niño Drought

Under the global El Niño phenomenon, Ethiopia, and many Sub-Saharan countries have been facing one of the most severe droughts in decades. The drought has had a significant adverse impact on agricultural production and food security, placing livelihood gains in jeopardy. With over 10 million people in Ethiopia in need of emergency food aid, resources have had to be diverted from long-term development activities to more immediate humanitarian and disaster management responses. Fortunately, agricultural and food security mechanisms, policies and programmes that have been instituted over the last several years have helped mitigate the most severe consequences of the drought. Large government led and Development Partner supported agriculture programmes under RED&FS, such as the Productive Safety Net Programme, Sustainable Land Management Programme, Agricultural Growth Programme, and the Drought Resilience and Sustainable Livelihoods Programme have created infrastructure, capacity, assets and environmental stewardship that has somewhat cushioned the severity of the drought. However, the drought has reminded the agriculture sector of the fragility of its gains and the importance of building significant components of resilience into its policies and programming.

## Pillar Activities

### Livestock and Fisheries Sector

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 eighth largest globally. Mixed crop-livestock farmers comprise more than 80% of the rural population and supply most of the country's food. And since 2010, the production of commercial livestock products—meat and milk, skins and hides, and poultry—has increased by more than 50%.

In spite of continuing advancements in the livestock sector, the sector lagged behind in achieving its goals under GTP 1. Recognizing the need to advance the profile of this sector the government in 2015 created a new Federal Ministry of Livestock and Fisheries (MoLF)

As the new Federal Ministry developed in 2015-2016, so did its RED&FS structures. The MoLF/RED&FS organizational meetings identified two Technical Committees

(Livestock and Fisheries Production and Marketing (LFPM TC) and Animal Health and Feed Quality (AHFQ TC)) and five Task Forces

### 1. Livestock and Fisheries Production and Marketing Technical Committee

The LFPM TC has initiated development of its ToR and Action Plan. State Minister Gebreyohannes assumed the TC Chair with support from Italian Development and USAID. At an April 2016 TC meeting the World Bank presented plans for a Livestock Sector Programme. Although still in its early development stage, a future, large and comprehensive Livestock Sector Growth Programme is an exciting sector feature to look forward to.

### 2. Animal Health and Feed Quality Technical Committee

The AHFQ TC got off to a vigorous start in its formation and created a TC with broad representation from government, DPs, NGOs and Private Sector. This TC will prioritize the goals of the government in the veterinary services and feed quality sectors and coordinate investments and activities in order to effectively and efficiently realize those goals. In 2015-2016 this TC was Chaired by State Minister Misrak and supported by Co-Chairs from FAO and EU.

### 3. Agricultural Growth Technical Committee

In 2015, the AGTC finalized the findings of the Common Intervention Framework and developed a framework of activities for its implementation. The TC was Chaired by State Minister Wondirad and supported by Co-Chairs from Canada and Spanish Cooperation.

The sector Flagship Agricultural Growth Programme entered a 2<sup>nd</sup> Phase (2015-2020) and continued its objective of increasing agricultural productivity and commercialization of small-holder agriculture.

### 4. Sustainable Land Management Technical Committee

The SLM TC in 2015-2016 saw a new Chair with State Minister Misrak replacing the former State Minister Sileshi. World Bank and Germany GIZ continued as Co-Chairs.

The sector Flagship Sustainable Land Management Programme entered a 2<sup>nd</sup> Phase (2014-2019) and continued its work in decreasing land degradation and increasing land productivity

### 5. Rural Job Opportunity Creation and Food Security Technical Committee

Under the 2015 government re-organization, a National Disaster Risk Management Commission (NDRMC) was established, removing DRM from the immediate organization of the MoANR. With the Food Security sector and the Flagship Productive Safety Net Programme retained under MoANR, a new State Ministry of Rural Job Opportunity Creation and Food Security was established as well as a corresponding RED&FS Technical Committee. The Chair of this new TC is State Minister Saed and supported by World Bank and USAID.

### Cross-Sector Task Force

In 2015-2016 the Cross-Sector Group commissioned a study on the Implications of Overlapping Flagship Programmes on Common Woredas in Tigray. This study identified

several coordination and resource efficiency challenges when major programmes overlap. It recommends a further more comprehensive follow-up study on this situation.

### M&E Task Force

The Director the Planning and Programming Directorate, Ato Zena, working with the Agriculture Transformation Agency (ATA), developed a Road Map for Sector Wide M&E System. In addition, they have developed a Concept Note on a sector Wide Management Information System. Within this sector the Secretariat in partnership with the ATA and with funding from the BMGF, are revamping the old RED&FS Database to a more contemporary Aid Information Management (AIM) System. The AIM system will be embedded within a regenerated RED&FS Website that will also include a library of key documents generated by the platform. These initiatives are expected to be completed early in the New Year.

### Future Challenges

At its inception in 2008, the RED&FS structural organization consisted of only three TCs. Since then it has grown exponentially and now consists of 26 separate platforms. In addition, all the major sector Flagship Programmes have grown in scale and scope. These complex structures place extraordinary demands on the RED&FS and both its government and DP members, to ensure it continues to be an effective platform of strategic engagement between the government and development institutions and a mechanism that supports resource effectiveness in the agriculture sector.

### Incoming DP Executive 2016

Prior to the 2016 summer break, the incoming RED&FS DP executive members were established in order to have them ready to assume duties in September. The incoming executive is:

Co-Chair Positions 2016-2017	Institution
Sector	European Union World Bank
Livestock Production and Marketing	USAID UNDP
Animal Health and Feed Quality	FAO European Union
Agriculture Growth	Canada Development Italian Development
Sustainable Land Management	German Development GIZ World Bank
Rural Job Opportunity Creation and Food Security	USAID World Bank
Additional Members of Executive Committee	African Development Bank IFAD Spanish Development FAO

## 2. PRIVATE SECTOR DEVELOPMENT AND TRADE WORKING GROUP

### Major Achievements

The group currently has 40 on-going programmes over the period of 2016-2020/21 with a total programme funding of USD 784 million. Some interventions are not full captured in this report due to lack of specific coverage under GTP II. A funding gap is expected in 2018, which may require considering extension of on-going projects.

PSTD's priority areas in GTP II include; sustaining broad-based economic growth; creating decent jobs; enhancing productivity and enhancing quality, which accounts around 78% of the funding. Some areas such as promoting service sector; diversifying manufacturing industry base; housing; tax administration; efficient custom system and Climate Resilient Green Economy (CRGE) require attention of development partners.

During the reporting period, the sector provided technical assistance in GTP APR; the development of GTP II indicators for the private sector; review and lessons learned from GTP I; streamlining the sector working group to be aligned with GTP II, tracked results within GTP M&E framework; organized visit to the Bole Lemi Industrial park and one of the operators (2015) – to familiarize the development partners group on the Gov't initiative and create awareness about the program.



The group has been engaged in discussion with the Government on technical working groups that had been dissolved through time and establishment of new technical groups on mutual interest. The proposed sub-groups include 1.Sustainable industrialization; 2. Regional Economic Development; 3. Enhanced technological transfer and institutional strengthening.

The group also followed up the 16<sup>th</sup> HLF on Ethiopia's Export Competitiveness and Trade Logistics and the findings are summarized as follows.

- The Government has made significant progress in the provision of power particularly in the Industrial parks recently being established. However, quality of power remains a challenge in general, particularly to firms outside of the parks.
- Ease of doing business remains largely unfavorable but important regulatory reforms are under way, e.g. business registration, income tax, labor, commercial code
- Foreign exchange and credit remain a binding constraint for general investment. The Government has introduced a priority list where exporting manufacturing firms are given priority for foreign exchange to facilitate their business.
- The Gov't is also currently initiating an Access to Finance intervention for SMEs with the support of Development Partners, to address the “missing middle” of the economy.
- Even though the GoE is trying to put in place policies and institutions to increase the export market, the export performance of the economy remains weak, with a 5.5% percent decline in revenue (9 months until May 2016) as compared to the same period last year.



- The Government has made progress in this area with the development of a National Freight Logistics Strategy completed and a National Logistics Development Strategy is under preparation.
- A Logistics Transformation Office has also been established to oversee the implementation of the National strategy, and to coordinate the multiple stakeholders involved in the logistics spectrum. The implementation of these important institutional revisions is taking too long thus generating potential uncertainty on whether the logistics chain will be able to cope with increasing demand from the IPs
- The Government has started an extensive railway development program, the first phase of which focuses on the Addis Ababa Djibouti Corridor covering over 650 kms. The railway line is currently operational serving humanitarian needs and is expected to be fully open for cargo services in few months.

- There are also plans to expand the railway network covering the different economic growth corridors planned by the Government.
- However, these are recent initiatives and it is early stages to see the effectiveness of these reforms as well as the impact on addressing the constraints in the trade logistics system.

## Challenges

- The PSD & T 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 have been decreasing, with only one SWG meeting held from July 2015 to June 2016, whereas the ToR requires regular meetings to be held bi-monthly.
- The SWG has been struggling to revive the technical working groups. The only functional TWG on the financial sector had dissolved since 2014, and despite push for development partners, not much progress has been made to set up new TWGs focusing on mutual areas of strategic interest such as industrialization, or specific sectors such as textile, etc.
- It is difficult to trigger responsiveness from members of the SWG on the provision of precise information as regards results of interventions and pipeline of future interventions

## Going Forward

The Sector Working groups will make efforts to operationalize Technical Working Groups; revive the active participation of Line Ministries and the Private Sector; streamline donors interventions and maintain a systematic follow up matrix in line with the expected results under GTP II; revise the ToR for the SWG if and when necessary in consultations with the Government and continue on technical sessions – either thematic/ specific topic of concern or visit to special areas of interest

## 3. WATER SECTOR WORKING GROUP

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). Although the WSWG is relatively new (established in 2014), it is already proving to be an effective platform to enhance coordination and share sector learning. The WSWG is built on two thematic technical committees (TCs): Water, Sanitation and Hygiene (WASH) and Water Resources Management (WRM). Each TC 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, Rural WASH, Sanitation and Hygiene, and Urban WASH. 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 programmed through the United Nations Children’s Fund (UNICEF).

### Accomplishments during GTP I

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.

Other key achievements during the period include:

**Establishment 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 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, and make financing for WASH more effective through a pooled fund, the Consolidated WASH Account (CWA), supported by the African Development Bank, UK Department for International Development, UNICEF, and the World Bank. Given Ethiopia’s leadership on WASH, the Sanitation and Water for All High Level Global Meeting was held in Addis Ababa on March 16-17 2016, hosted by the Ethiopian Government, with participation of representatives from all over the world.

**Elevation of Community Managed Project (CMP) Approach:** Over the past five years, the GOE with support from DPs—particularly the Government of Finland—has empowered community-based WASH Committees (WASHCOs) to take a greater role in the management and construction of WASH facilities through capacity building on administration, operation and maintenance, and financial literacy. This approach has increased community ownership over the WASH facilities, potentially leading to greater sustainability. For instance, the non-functionality rate of water schemes in woredas where the CMP approach has been utilized is below 10%, meeting the target set for non-functionality in GTP I. Based in part on the successes of the CMP approach, the GOE is working to legalize WASHCOs across Ethiopia.

**Coordinated El Niño response:** Ethiopia was affected by its worst drought in decades—and is now facing simultaneous flooding—due to a severe El Niño 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 DPs 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. Of the 5.8 million people targeted by various WASH interventions in the 2016 Humanitarian Requirements Document, WASH Cluster partners have reached at least 4,649,905 beneficiaries through water supply (both emergency and sustainable) during the emergency response from November 2015 through June 2016. Alongside this drinking water response, the WASH Cluster also reached about 438,570 and 1,115,390 through sanitation and hygiene promotion respectively.

**Greater sector coordination:** The WSWG and its sub-groups have helped increase coordination and alignment between different water stakeholders during GTP I, including through:

- Knowledge sharing meetings where best practices and research studies were presented, including through South to South Cooperation Programs with Cuba and Brazil;
- WASH sector knowledge review, supported by the World Bank in consultation with different stakeholders; and
- New guidelines and plans, including the Urban Wastewater Management Strategy, which was finalized and submitted to MOWIE for endorsement.

## Plans for GTP II

GTP II articulates ambitious targets in the WASH and WRM subsectors and focuses on a number of strategic objectives, including upgrading the water supply service 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. DPs will continue to align programs to meet GTP II targets, now with support from the WSWG-Secretariat, and is planning to focus on a number of strategic areas:

**Strengthening OOWNP:** During GTP II, DPs will continue to work with the GOE to further strengthen OOWNP. To advance program implementation, DPs expect to focus resources together with the GOE on meeting the universal target of providing access to safe and sustainable water, with a focus on decreasing non-functionality rates of water supply schemes (from 15.5% to 7% in rural areas) and continuing WASHCO legalization, as well as meeting the universal targets on sanitation and hygiene. DPs will also focus on helping promote supply chains for low cost, high quality WASH products and services, including water supply technologies, spare parts, improved latrines, and point of use water treatment options. Additionally, DPs anticipate working with the GOE to build

capacity to evaluate, manage, and monitor OOWNP results and outcomes. And finally, new DPs expect to contribute additional funds to the CWA to support OOWNP through pooled, on budget support.

- **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 DPs 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 WRM and Multi-Stakeholder Forum (MSF) to be convened in the second half of 2016. To increase cross-sector coordination, key performance indicators that are closely aligned with GTP II and the Sustainable Development Goals will be developed and applied across relevant projects, and early discussions will be begin around pooling GOE and donor funding for WRM projects in the future.
- **Integrate learning from El Niño:** The GOE and DPs together learned a lot during the 2015/2016 El Niño drought. On the programmatic side, groundwater tables fell, often leaving wells nonfunctional in their wake. As a result, the GOE and DPs will focus on ensuring water supply investments are climate resilient and are of appropriate depth to withstand future, cyclical periods of drought. On the management/coordination side, the 4Ws (who-what-where-when) database proved useful to coordinate the humanitarian response. This mechanism, including piloting of “real-time” monitoring through surveys and/or water point sensors, will continue and be brought to scale to inform future humanitarian responses and broader stakeholder coordination and monitoring efforts.

## Challenges and Opportunities

### Policy/Governance:

- 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;
- There is no adequate overall (government, private and community) sub-sector capacity to fulfill and manage the growing water supply demand in line with the socio-economic development of the country; and
- Slow pace of WASHCO legalization.

### E-Platforms and Participation:

- Public education/awareness creation on WRM and WASH;
- Creation of effective knowledge management platforms for institutional memory and information sharing;
- Improved coordination and communication mechanisms among the different stakeholders;

- Participatory approach to WRM and WASH;
- Stakeholders/private sector participation; and
- Tackle institutional lack of capacity with capacity building activities.

#### 4. TRANSPORT SECTOR WORKING GROUP

The Transport Sector Working Group (TSWG), chaired by the Ministry of Transport and co-chaired by the EU, is the main forum for policy dialogue between DPs and the Government of Ethiopia.

Transport infrastructures are considered by the Government the crucial catalysts to foster sustainable development and promote broad and inclusive growth. The Government has been allocating significant resources to expand transport infrastructure and transport service delivery in order to provide access to basic services, reduce transport cost and foster the competitiveness of the Ethiopian economic production.

The GTP I emphasized the importance of developing large-scale energy, transport and telecommunication projects. The results achieved in the road and railway sectors have been impressive, though lower than the overambitious targets. The federal and regional road network has been expanded from 48,800 to 63,604 km and approximately 46,000 km of new *woreda* roads have been built. This has substantially improved the life condition of rural population, connecting remote *kebele* to all-season roads (from 39% in 2010 to 76% in 2015) and reducing the average time required to reach the nearest all-season roads (from 3.7 hours in 2010 to 1.7 in 2015). The railway sector has been one of the major new developments in the transport infrastructure. The ambitious plan to build more than 5,000 km of new lines has been initiated and priority projects, such as the Addis Ababa – Djibouti line and the Light Railway Transit in the urban area of Addis Ababa have been completed.

The GTP II has confirmed the importance of the transport sector setting again very ambitious targets in order to enhance availability, accessibility and quality of transportation services, reduce traffic accidents, support transportation of agricultural and industrial products, support investments and trade activities, and reduce the overall import and export transit time and cost. The plan is to double the road network, build 2,741 km of new railways along five main corridors and continue strengthening the capacity of federal and local authorities.

The TSWG has regularly reviewed the policy implementation, results achieved and the strategies to improve the main areas of concern. Important steps forward have been made to address the most relevant shortcomings of the road and railway sub-sectors. Issues such as capacity building, road safety, maintenance, rural access, regional corridors, prioritization of rail projects and intermodal freight and passenger transport

have been discussed and to some extent taken into account for the policy formulation and the deployment of the DPs' technical assistance projects. The following are the key policy dialogue discussed during the TSWG's activities.

### Capacity building

Despite the important achievements, the capacity gap remains one of the most crucial areas to ensure the implementation of large-scale policies and ensure that results attained are sustainable. Considering the importance of research and development in the road sector, the WB and the EU have started supporting capacity building initiatives at foreign Universities to foster the ability of the Ethiopian Road Research Centre to contribute to construction and maintenance of paved and gravel roads. Road maintenance has also been considered under the Road Fund perspective and specific technical assistance activities have been agreed upon by Government to improve the capacity to prioritize projects and allocate resources, as well as develop staff capacity of the Road Fund Office.

### Road Safety

Many DPs have brought to the attention of the Government the importance of road safety. After putting a strong focus on physical achievements at the beginning of road network development, the need to strengthen road safety has gained momentum. The National Road Traffic Safety Council under the Ministry of Transport has been established and its main objective is to achieve a substantial reduction of road accidents related fatalities. The DPs, in coordination with relevant Government's stakeholders, have coordinated their activities to support the activities of the Council.

### Rural Access

Since 2010 the Universal Rural Road Access Program has been trying to connect all kebele to all-season roads. The TSWG has regularly discussed results and challenges, encouraging the government in continuing providing access to rural population and ensure the sustainability of the program with appropriate maintenance and involvement of local communities. The Ethiopian Road Authority has recently launched a project to assess the impact of the new woreda roads at kebele level and the first results should be delivered in the next Ethiopian Fiscal Year.

### Regional corridors

New opportunities to develop regional corridors have been discussed and are currently under review by the Government. All the major partners involved in the sector have expressed interest in supporting the development of the Berbera Corridor as well as the improvement of the access to Djibouti and Kenya. Different implementation modalities have been considered and a dialogue with all the concerned countries encouraged.

## FINANCIAL SUMMARY

Financial Contributions of DAG Members to the Pooled Fund (July 2015-June 2016)

No	Donors	July – Dec. 2015	Jan. - June 2016	Total Resources
1	AFDB		15,000	15,000
10	Ireland		56,689	56,689
11	Italy	39,282		39,282
16	Sweden	58,425		58,425
<b>Total</b>		<b>97,707</b>	<b>71,689</b>	<b>169,396</b>

*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.*

### DAG Pooled Fund Expenditure July 2015-June 2016

	Description	Expenditure in USD
1.	Effective Support to the GTP and MDG Consultative Process	212,510
2.	DAG and Government dialogue structure function effectively	419,479
3.	Enhance the capacity of Government and DPs to achieve aid effectiveness and harmonization targets	10,389
<b>Total</b>		<b>642,378</b>

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