



Development Assistance Group ETHIOPIA



DEVELOPMENT EFFECTIVENESS IN ETHIOPIA

DAG ANNUAL REPORT 2014-2015

TABLE OF CONTENTS

Foreword.....	2
I. Overview of Development Assistance to Ethiopia.....	4
II. Development Plan 2011-2015	7
III. Third International Conference on Financing for Development (FFD3)	10
IV. Aid Management Platform (AMP).....	12
V. Sector Working Groups.....	13
1. Governance Technical Working Group (GTWG).....	13
2. WASH Sector working group	16
3. Private Sector development and Trade sector working group (PSDT)	18
4. Transport Sector Working Group.....	19
5. Rural Economic Development and Food Security (RED&FS)	20
6. Donor Group on Gender Equality (DGGE).....	23
VI. Financial summary.....	25

FOREWORD

As the current co-chairs, we are pleased to present you with the Annual Report of the Development Assistance Group (DAG). This report provides a summary of activities carried out by members for the period July 2014 - June 2015. In this period, DAG members together provided over USD 3.9 billion in grants and concessional finance to Ethiopia. The DAG also welcomed Switzerland as a new member of the group in May 2015, increasing the total number of DAG members to 28.

For most of the year, the DAG focused on supporting the design of the country's second Growth and Transformation Plan (GTP II: 2015-2020) and the Federal and Regional elections. DAG members and sector working groups actively provided input on future GTP II indicators. Ethiopia's Aid Management Platform (AMP) was also upgraded and the data quality in the platform continues to improve and become more user-friendly. . Key highlights of the various activities of working groups in 2014-15 include:

- The Governance Technical Working Group organised four missions to resettlement areas in Somali, South Omo, Gambella, and Beneshangul-Gumuz regions. The Group also reflected on how best to position itself for future missions to resettlement areas. Since late 2010, the DAG has emphasized the importance of following international good practice on resettlement from design and consultation through to implementation, monitoring, evaluation, grievance, and redress mechanisms.
- The One WASH National Programme's Consolidated Account was launched in November 2014, providing a unique modality for partners to directly fund WASH activities.
- The Private Sector Development and Trade working group led discussions on critical issues such as trade logistics and access to finance and facilitated a learning event through visits to manufacturing firms and an industrial park.
- The Transport Sector Working Group supported a study on the evolution of the transport sector in Ethiopia, including analysis on the increasing unit cost of the roads infrastructure.
- The Rural Economic Development and Food Security working group recently added a technical committee that concerns livestock, both in highland and lowland areas. This technical committee is anchored by the Drought Resilience and Sustainable Livelihoods Programme.
- The Gender Working Group organised a (1) a side event in partnership with the Government of Ethiopia at the Third Financing for Development Conference in Addis Ababa; and (2) policy dialogue around the implementation of UN Security Council Resolution 1325 on women, peace and security in Ethiopia.

In the coming year, the DAG will work to align itself to Ethiopia's second Growth and Transformation Plan (GTP II: 2015-2020) and the achievement of the Sustainable

Development Goals (SDGs). The next phase of the DAG Project will focus on how to sustain the country's strong economic growth; ensure growth is inclusive and continues to reduce poverty; and, support the country's goal to become a carbon-neutral middle-income country by 2025.



Ms. Josephine Ngure
Resident Representative
African Development Bank
DAG co-chair



Mr. Paul Sherlock
Head of Development Co-operation
Embassy of Ireland
DAG co-chair

I. OVERVIEW OF DEVELOPMENT ASSISTANCE TO ETHIOPIA

Ethiopia received a total of USD 3.9 billion in development assistance in 2013 (the latest year for which OECD/DAC data is available). Since 2004, ODA to Ethiopia has increased by 66% in real terms. Although Ethiopia receives a considerable volume of ODA, this translates into USD 41 per capita, which is below the sub-Saharan Africa average of USD 50. In 2012-13, the five largest providers of development assistance to Ethiopia are IDA (the World Bank's concessional lending arm), the United States, the United Kingdom, the African Development Fund (The African Development Bank's concessional window), and the Global Fund.

Table 1.1 Top Bilateral and Multilateral partners for 2012-13.

Top Bilateral Partners	(USD m)	Top Multilateral Partners <i>includes core resources only</i>	(USD m)
1. United States	610.3	1. World Bank (IDA)	847.6
2. United Kingdom	466.3	2. African Development Bank (AfDF)	222.0
3. European Union	170.8	3. The Global Fund	182.7
4. Japan	146.6	4. GAVI	101.0
5. Canada	128.9	5. UN Funds and Programmes	80.1

Source: OECD DAC aggregates (2015).

In the past decade, Ethiopia has exhibited two main trends in development co-operation. The first is the marked decrease in the share of humanitarian aid. Although humanitarian aid accounted for 20% of gross ODA in 2005 and 17% in 2009, it represented only 10% in 2013. This corresponds to a decline in the absolute volume of humanitarian assistance from around USD 700 million in 2009 to USD 400 million in 2013. The decreased ratio of humanitarian to development assistance reflects the resilience built largely due to its safety net programmes, which have assisted the most vulnerable part of the population to sustain some of the worst humanitarian emergencies. Nonetheless, the humanitarian caseload is still significant, and often recurs in the same regional hotspots from year to year. This points to the presence of more systemic vulnerabilities in the country.

Table 1.2 Development finance flows in Ethiopia

<i>Constant Prices (2012 USD millions)</i>	2009	2010	2011	2012	2013
Total Gross ODA to Ethiopia	4,041.8	3,689.1	3,739.4	3,408.2	3,981.5
Other official flows or equity (non-ODA)	71.6	64.9	229.9	162.3	149.0

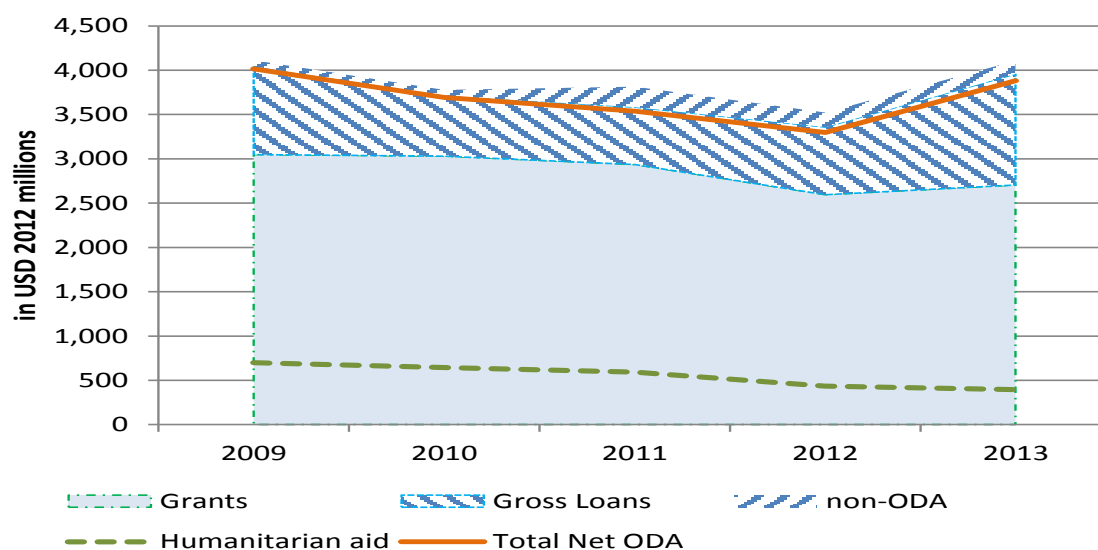
Source: OECD Creditor Reporting System.

<i>Constant Prices (2012 USD millions)</i>	2009	2010	2011	2012	2013
Grants	3,049.1	3,030.1	2,935.1	2,594.7	2,704.4
Technical cooperation	172.8	181.1	188.4	209.1	230.3
Developmental food aid	-	-	-	-	-
Humanitarian aid	698.2	643.4	592.9	434.7	396.0
Gross Loans	993.0	682.3	648.4	763.8	1,251.9
Total Net ODA	4,015.2	3,691.3	3,536.2	3,297.6	3,881.4

Source: DAC Aggregates.

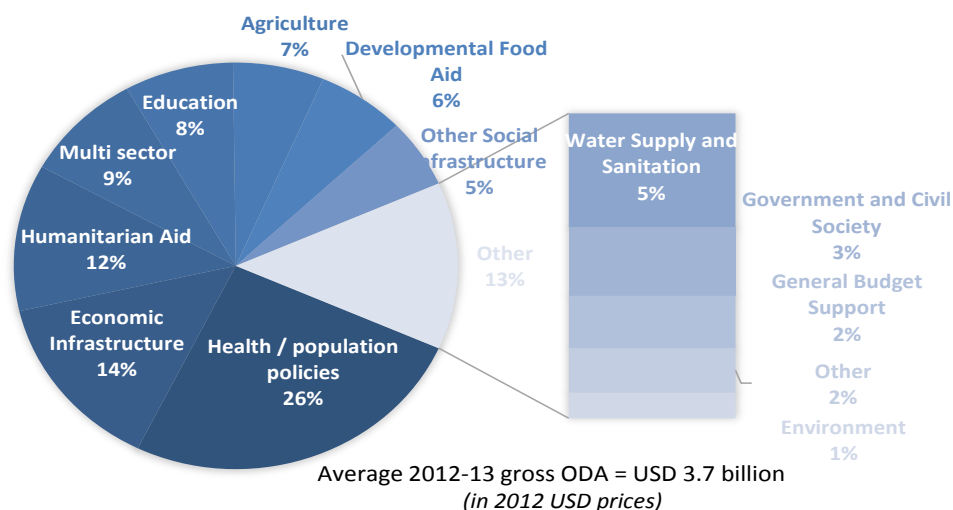
The second trend observed is the increased share of ODA provided in the form of concessional loans compared to grants. In 2004, loans made up only 14% of total development assistance, in 2009 they were 25%, and in 2013 the share of loans reached 32%. According to the World Bank/IMF debt sustainability exercise conducted in 2011/12, Ethiopia is able to assume external public debt at relatively low risk; however the 2014 debt sustainability assessment indicated a move toward moderate risk of external debt distress. Concessional loans from multilateral partners – and increasingly from bilateral partners – offer a way to increase development assistance to Ethiopia at a relatively low cost for providers of development assistance. As the country moves towards lower-middle income country status and accesses international financial markets (as demonstrated by Ethiopia’s sale of Eurobonds last year and its plans to start an equities and secondary debt market), one would expect the ratio of ODA loans to grants to continue to increase.

Figure 1.1: Development Assistance Trends 2009-2013 (constant 2012 prices)



Source: OECD DAC Aggregates and Creditor Reporting System.

Figure 1.2: Sectoral Allocation, 2012-13 average (constant 2012 prices)



Source: OECD Creditor Reporting System.

Table 1.3. Channels of Delivery, 2009-13

ODA channeled through other agencies	2009	2010	2011	2012	2013
Public sector institutions	1,309.6	537.7	249.6	244.2	186.3
Donor government	0.0	32.7	38.9	52.0	47.9
Recipient government	0.8	663.0	837.1	1,314.8	2,149.0
3rd country government	-	5.9	16.7	25.1	30.6
Total NGOs / civil society	582.4	624.4	742.8	640.3	547.5
NGOs and civil society	64.6	31.0	151.0	62.0	48.1
International NGO	60.5	67.1	69.4	84.9	85.5
Donor country-based NGO	434.6	499.2	478.7	467.5	390.0
Partner country-based NGO	22.5	27.0	43.6	25.8	23.9
PPPs	1.8	1.8	0.5	0.2	0.3
Multilateral agencies	833.9	804.3	803.7	771.0	655.9
Other	82.8	76.0	64.5	68.7	63.2
Total	2,811.2	2,745.8	2,753.8	3,116.3	3,680.8

Source: OECD Creditor Reporting System.

II. DEVELOPMENT PLAN 2011-2015

GTP I

The first Growth and Transformation Plan of Ethiopia (2010/11-2014/2015) is coming to an end this year. Throughout this period, the DAG has provided valuable inputs to the Government through the annual GTP progress review meetings and the High Level Forums (HLFs), as part of its technical support to the Government of Ethiopia to achieve its ambitious development goals.

During the GTP I period, Ethiopia registered strong and broad-based economic growth with an average annual GDP growth rate of 10%, with limited success in bringing structural transformation of the economy. The agricultural sector still accounts for nearly 40% of GDP; the service sector accounts for 46%; and industry accounts for 14% of the GDP in 2013/14. The share of manufacturing is lower than the sub-Saharan average of 5% GDP. Inflation was a major challenge, especially at the beginning of the GTP period that threatened to reverse the economic gains attained. However, through strict fiscal and monetary policy measures and price stabilization interventions, the Government managed to limit inflation to a single digit.

Agriculture was identified as the main driver of economic growth that contributed to higher productivity and poverty reduction during GTP I. The crop subsector accounted for about 30% of GDP and was the major contributor to growth of the agriculture value addition. Concerted efforts were made to increase crop production from 180 million quintals in 2009/10 to 274 million quintals in 2014/15. Horticulture was particularly targeted, due to its potential to boost export earnings and job creation; however, the issue of land availability and distribution was identified as a major bottleneck for the expansion of horticulture and flower farms in the country.

The GTP I period was also notable for its huge investments in infrastructure with a particular focus on the energy, rail and road transport sectors. Important investments were made to build the institutional capacity of key institutions in terms of human capital and technology to enable them better manage and implement the mega projects.

Foreign exchange stability is also essential for rapid economic growth, infrastructural development, trade, and investment. The share of export to GDP reached 12.4% by the end of 2013/14, which is below the target of 22.5%. The main cause for the low level of export earnings is low global commodity prices and low production capacity of the agriculture sector coupled with weak performance of the manufacturing sector as well as poor logistics system in the country.

Ethiopia achieved remarkable progress in terms of coverage of basic social services. Over the GTP I period. The net primary enrollment rate increased from 82% in 2010 to 92% in

2014. The target for gross enrollment rate in secondary education was 62% (from 40%), but this remained stagnant, in part due to scarcity of secondary schools. With regards to health, the health extension programme (HEP) has been designed and is being implemented throughout the country. Consequently, significant achievements were made in universal access to basic health services. Close to 40,000 health extension workers are providing services across the country. As a result, impressive achievements were made in reducing under-five child mortality rate (U5CMR) from 204/1000 in 1990 to 64/1000 in 2013/14 as well as maternal mortality rate has declined by 69% during the last four GTP period. However much more needs to be done in improving quality and disparities among regions and sexes. In the coming GTP II period (2015-2020), the focus will shift from providing access to improving the quality of services.

According to the 2014 MDG report, Ethiopia has managed to achieve six of the eight MDGs with the exception of goal three and five. Reducing maternal mortality and gender disparities at all levels (especially at secondary and tertiary levels) will not be met although progress has been made since 2012. Efforts to accelerate this progress have been led by the Ethiopian Government with the support of development partners. The incidence of poverty declined markedly between 2004/05 and 2010/11. The headcount poverty rate fell from 38.7% in 2004/05 to 29.6% in 2010/11, using a poverty line of US\$0.60/day. The incidence of poverty has since continued to decline, falling to 26% in 2013. This implies that Ethiopia is on track to achieve the MDG target of reducing poverty by half in 2015 from a baseline of 48% in 1990¹. This can be explained in part by the high economic growth coupled with increased pro-poor expenditure (70% of the total budget) by Government and productive safety net programmes supported by development partners.

Based on the GTP I implementation, the major focus areas for the Government of Ethiopia in the second phase of GTP are bringing about structural transformation by promoting industrial development; tackling the issue of inequality by reducing poverty and unemployment particularly in urban areas; and maintaining a stable macro-economic environment by correcting imbalances in savings and investment as well as in supply and demand.

GTP II

GTP II considers as a starting point Ethiopia's national vision of becoming a middle income country by 2025 and builds on the existing national policies and strategies that have been successful at the macro and sectoral levels. It aims to complete those projects started during the previous GTP period in the economic and social sectors; align to the SDGs; and the 50-year vision of the African Union (Agenda 2063). The country will continue to analyze trends in international trade, investment and technology. This includes pursuing the path

¹ UNDP, National Human Development Report 2014, p. 44.

towards WTO membership so that Ethiopia can meaningfully participate in the multilateral trading system. It is crucial for Ethiopia to build its competitive capacity, particularly in the manufacturing sector in order to boost export earnings. Thanks to its preferential and regional trade agreements, Ethiopia can also do more to fully exploit its duty- and quota-free market access to the United States, EU and within COMESA.

In GTP II agriculture will continue to be the fundamental source of economic growth and input for agro-processing in the manufacturing/industrial sector. In this regard, concerted efforts are expected to be made to increase crop productivity and improve quality and value addition of the manufacturing sector, in particular in light manufacturing. Furthermore, the domestic and foreign private sectors are expected to play a more important role in the next five years.

III. THIRD INTERNATIONAL CONFERENCE ON FINANCING FOR DEVELOPMENT (FFD3)

The Government of Ethiopia and the UN organized the Third International Financing for Development Conference in Addis Ababa, on 13-16 July 2015. The four-day meeting brought together Heads of State and Government, ministers, and representatives from civil society and business organizations. It was preceded by two other International Financing for Development conferences in Monterrey, Mexico (2002), and Doha, Qatar (2008). The conference served to promote international co-operation on financing for development across aid, trade, debt relief, and international private finance.



A total of 18 Heads of State or Government, 6 Deputy Heads of State or Government, 66 ministers and 23 vice-ministers for foreign affairs, finance, development cooperation and trade and other high-level officials from 38 Governments made statements in the plenary. In their statements, Member States took stock of the progress made in the implementation of the Monterrey Consensus and the Doha Declaration on Financing for Development; identified obstacles and constraints for implementation; and proposed actions and initiatives to overcome them. Member States addressed the need to tap all sources of development finance, as well as the importance of harnessing the synergies between financing objectives across the economic, social and environmental dimensions of sustainable development.

The Conference was held at a historic moment in time, when the international community was about to usher in a new era of sustainable development. There was broad consensus that 2015 was a

year of global action. The Conference paved the way for the successful adoption of the post-2015 sustainable development goals (SDGs) in New York and a meaningful outcome to the 21st session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, to be held in Paris from 30 November to 11 December 2015.

The Addis Ababa Action Agenda put forward a cohesive and holistic financing framework for the implementation of the sustainable development goals and the post-2015 development agenda. The Agenda also agreed on international cooperation for financing of specific areas where significant investments are needed such as for energy, infrastructure, transport, water and sanitation, and other areas to help realize the proposed sustainable development goals.

Ethiopia succeeded in getting members to reach agreement on the Addis Ababa Action Agenda: a package of over 100 concrete measures that draw upon all sources of finance, technology, innovation, trade, and data to support the implementation of the SDGs. Member States recommitted themselves to a renewed Global Partnership for people-centred and sustainable development that empowers women and takes special efforts to improve the lives of marginalized and vulnerable groups, including indigenous people, children and youth, displaced people and persons with disabilities.

During FFD3, a series of special events, including briefings, seminars, workshops and panel discussions on issues related to financing for development were organized by participating States, organizations of the United Nations system and accredited institutional and non-institutional stakeholders. The DAG was involved in welcoming many delegates and organizing a number of side events. Countries also stressed the importance of nationally-owned sustainable development strategies, supported by integrated national financing frameworks.

Domestic resource mobilization is central to the post-2015 financing agenda. The Action Agenda points to an array of measures aimed at widening the revenue base, improving tax collection, and combatting tax evasion and illicit financial flows. Countries also reaffirmed their commitment to official development assistance, particularly for the least developed countries, and pledged to increase South-South cooperation. Furthermore, the action agenda underscores the importance of aligning private investment with sustainable development, along with public policies and regulatory frameworks to set the right incentives. A new mechanism to facilitate financing for new technologies in developing countries was also agreed upon.

IV. AID MANAGEMENT PLATFORM (AMP)

During the period under review, MoFED regularly communicated with development partners in order to update the platform on at least a quarterly basis. Disbursement data extracted from the AMP for the period of July 2013 to June 2014 (EFY 2006) was sent to 21 development partners (14 bilateral donors, 6 UN agencies and the EU) to validate data before the publication of the EFY 2006 annual statistical bulletin. This process helped development agencies to check and make amendments to the AMP data, where there is a discrepancy. It also helped to identify projects that may not be registered by MoFED. In this way, a couple partners were requested to send in project documents, so as to register missing projects in the AMP. MoFED also prepared a brochure and a booklet summarising disbursements and commitments in EFY 2006.

AMP training was conducted for seven AMP focal persons from five development partner agencies. The AMP coordinator, together with MoFED's ICT personnel, visited three agencies to resolve access problems. The AMP coordinators also briefed and provided a hands-on training to three government officials, who will in turn develop complementary software to provide disaggregated activity-level data for the agricultural sector.

AMP data is being used by different universities, ministries and various departments of MoFED. During the reporting period, AMP data was shared with the Ministry of Education, Ministry of Foreign Affairs and the Prime Minister's Office. Every month, the AMP coordinator in MoFED imports data from the platform to check the disbursements of each development partner against reference data. In case of inconsistencies, the focal person communicates with MoFED experts and the relevant development partner AMP focal point.

The major challenge in preparing the annual statistical bulletin is getting timely validation of data from development partners. This challenge can be overcome if partners update their disbursement data in the AMP as agreed on a quarterly basis.

In November 2014, a new AMP agreement was signed between MoFED and the AMP service provider, Development Gateway. On this occasion, the AMP software was upgraded from version 2.4 to 2.8. The second phase of the contract also includes upgrading the software to version 2.11, which should take place at the end of 2015.

The first upgrade consisted of the addition of global partnership indicators and pledges module. In the second upgrade, additional functionalities such as donor scorecards and a currency deflator will be incorporated. Training on the new version is expected to take place at the end of 2015.

V. SECTOR WORKING GROUPS

1. GOVERNANCE TECHNICAL WORKING GROUP (GTWG)

The Governance Technical Working Group (GTWG) focused on resettlement issues, social accountability and federal elections in the period under review. The GTWG also includes two active subgroups – the Civil Society as well as the Justice, Safety and Conflict Subgroups.

Resettlement

The GTWG facilitated field missions to Gambella, Somali region, South Omo and Beneshangul Gumuz, developing the mission notes and facilitating engagements with local government officials. As requested by the DAG, the group developed a set of recommendations on the way forward for the DAG Resettlement Assessment Missions. Recommendations were proposed with regards to mission objectives; methodology; follow-up; communications of mission findings; and internal approvals of mission report. To take forward the recommendations, the group is in the process of redrafting the mission terms of reference, which will be submitted to DAG Heads of Agency in the second half of 2015.

Social Accountability

As part of its effort to harmonise donor support and advocate for a more strategic policy orientation, the GTWG developed a white paper on social accountability. The objective of the paper was to outline how Ethiopia can 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. If adopted, the recommendations of the paper could help frame a shared perspective to harmonise and strengthen donor support to social accountability in Ethiopia.

Elections

Together with the Election Coordination Group, the GTWG provided Heads of Agency with timely and updated information on the 2015 general Federal and Regional election process starting in early 2015. The information provided to the DAG included issues such as competitiveness of the process, security and management of the process.

Universal Periodic Review

The GTWG facilitated the elaboration of common position and messages from a development perspective for member states' engagement with Ethiopia during its 2nd Universal Periodic Review (UPR). Of the 252 suggested recommendations, Ethiopia accepted 188 and rejected 64. Fifty-three of the rejected recommendations were duly noted whilst 11 were rejected out-right. The GTWG together with the human rights subgroup continues to provide a forum for collective reflection on a follow-up strategy of how to support government to take forward the accepted recommendations.

Civil Society Subgroup (CSSG)

Civil Society participation in the EITI process

As one of its advocacy objectives, the CSSG engaged relevant stakeholders to encourage CSO participation in the EITI process to ensure Ethiopia secure application for full EITI membership. CSOs have elected five representatives to EITI's multi-stakeholder group: the Ethiopian Youth Federation; the Ethiopian National Journalists Union; Transparency Ethiopia; CCRDA; and the Association for Development and Bio-diversity Conservation (ADBC). CSOs associated with EITI work to ensure benefits to all citizens by working for transparency and accountability in the equitable use of extractive revenues.

CSO support/contribution to GTP II development

The CSSG has explored opportunities and possibilities to encourage and ensure that CSOs contribute optimally to the development, implementation and monitoring of GTP II. In this vein, the CSSG and its members have convened and facilitated CSO discussions on the content and implementation of GTP II. There is ongoing support for an assessment of the contribution of CSOs to GTP implementation, and CSOs are encouraged to develop their own reports on their contribution to established targets.

Dialogue

The Civil Society Sector Working Group (CSSWG) that also includes Government has not met since mid-2014, although informal conversations and engagement with government officials on civil society issues have taken place. For example, the CSSG facilitated four exposure visits for Charities and Societies' Agency officials as part of an effort to provide first-hand knowledge of the impact of the Charities and Societies Proclamation on CSO operations. On the occasion of these visits, the team interacted with local government officials, community leaders and beneficiaries of the projects. ChSA officials were interested in hearing about the operational challenges faced by the organisations, and they in turn provided feedback and advice. The organisations visited provide visible benefits to the communities, working with governmental and local communities in identifying needs and building a sense of ownership in the communities. The missions also identified areas where further support from the ChSA is required.

Tracking the operating environment for CSO

In order to continuously monitor the operating environment for CSOs, the CSSG produced the following knowledge products:

- (1) Emerging groupings /social institutions/ structures: *the case of 1 to 5 groups and Community Care and Coalition;*
- (2) The other side of the CSO environment: *CSOs not covered under the CSA law – current issues and prospects (CBOs, FBOs, Trade Unions, ECCSA, FBOs);*
- (3) Civic engagement in policy making and the legislative process;
- (4) Domestic resource mobilization and public collection;
- (5) CSOs and some cases of human rights work after 2009.

Because the CSP does not cover INGOs, the ChSA is working on a new directive on INGOs. In the short-term, the CSSG needs to generate more information on the scope and trend of the issues in order to formulate any immediate advocacy message and strategy. In the long-term the CSSG will monitor the developments of the new directive.

Justice, Safety and Conflict (JuSaCo)

The Justice, Safety and Conflict subgroup continues to monitor progress on the development of national legal aid strategy. Drawing on some of the best practices of legal aid provision in the country, the subgroup is putting together some ideas to share with Government.

2. WASH SECTOR WORKING GROUP

Achievement of the Millennium Development Goals

Significant progress was made in the water sector in 2015, in particular on the achievement of Millennium Development Goals (MDGs) Target 7c for access to safe drinking water. The Ministry of Water, Irrigation and Energy (MOWIE) is working hard to improve access to safe drinking water under sector development plans, such as the Universal Access Plan (UAP) and the GTP. Following the Government's lead, development partners (DPs) including bilateral donors, multilateral agencies, and international financial institutions, as well as civil society representatives provided substantial financial and technical support to achieve the MDGs. According to the 2015 WHO/UNICEF Joint Monitoring Program (JMP) report on the MDGs, Ethiopia has increased access to improved water from 14% in 1990 to 57% in 2015 and the country has met its MDG target for access to safe drinking water; however, the country is off-track in meeting the target on access to basic sanitation.

South-South Cooperation

In September 2014, the Brazilian Ministry of Foreign Affairs and its technical cooperation department (ABC) invited an Ethiopian delegation of 16 water and sanitation officials from sector ministries and regional bureaus to Brazil. The delegation was led by the State Minister of Health and Water, and included senior government officials from the Ministry of Urban Development, Construction and Housing; Ministry of Health; and the Ministry of Water, Irrigation and Energy. Federal-level delegates were accompanied by Water Bureau leaders from Tigray, Amhara, Oromia and Somali regions, as well partners such as World Vision (NGO), DFID and UNICEF.

The "South to South" learning visit was one of the preliminary activities financed under the One WASH Plus Programme. The delegation held senior level consultations in the presence of the Ethiopian Ambassador to Brazil with the Brazilian Ministry of Foreign Affairs; Ministry of Cities; Ministry of Health (FUNASA); Ministry of Integration; Ministry of Environment; and the National Department of Water in Brasilia. Subsequent to experience-sharing visit to Brazil, Brazilian experts undertook a technical feasibility mission to Ethiopia in January 2015. After visits to selected regions, two thematic areas were agreed upon, namely urban sanitation and urban water regulation. The two-year programme document of collaboration was signed by the Governments of Ethiopia, Brazil and UNICEF and missions by Brazilian experts are currently underway to design appropriate sanitation systems for urban condominiums.

Accelerated support toward sector coordination

- Technical Assistance for the Secretariat of the Water Sector Working Group (WSWG)

In this period, coordinated support was made to strengthen management capacity of the Secretariat of the WSWG. In particular, UNICEF, USAID and JICA have brought significant technical and financial support to the Secretariat. The co-chairs of the thematic working groups, including the AfDB, DFID, JICA and UNICEF have contributed to the organisation of working groups and development of annual work plan of sub-sectors.

- Mobilization of funds to the Consolidated WASH Account (CWA) under One WASH National Program (OWNP)

The Consolidated WASH Account (CWA) was officially launched in November 2014 with significant financial support from the AfDB, DFID, IDA (World Bank), and UNICEF. According to the recent review of the OWP-CWA, more than 5,453 rural water supply schemes were constructed and more than 1 million rural residents obtained access to safe drinking water. Thirty-nine water facilities were built in schools and health facilities and 130 latrines in health centers were constructed or rehabilitated. In addition, 18,120 new household improved latrines; 7,277 household latrines were upgraded; and 34,267 hand washing facilities were constructed. In the 144 towns covered by CWA (124 small and 20 medium towns), the assessment study was completed, and procurement contracts are underway. Two joint implementation support and review missions were conducted in December 2014 and July 2015.

- Bilateral off-budget support

Many development partners do not yet support the One WASH National Programme through the CWA and instead provide off-budget bilateral support. The EU Investment Bank, French Development Agency (AFD) and Italian Development Co-operation support urban WASH through the Water Resources Development Fund. Separate contributions from Finland provided more than 3.7 million people access to WASH facilities and UNICEF ensured access for 2.4 million people. Other partners such as DFID, the Global Green Growth Institute (GGGI), JICA, USAID, WHO and CSOs/NGOs such as WaterAid have supported MoWIE and Regional Water Bureaus to improve access to safe drinking water and sanitation facilities as well as to strengthen their implementation capacity.

- Support to Climate Resilient Green Economy Strategy

Technical and financial support to Climate Resilient Green Economy (CRGE) Strategy includes the development of a climate-resilient water safety plan; water security for the poor; strategic support to hydrological monitoring system; and solar power for water supply and irrigation. The AfDB, DFID, GGGI, WHO, UNDP, UNESCO and UNICEF are some of major partners working on CRGE-related issues.

Challenges

There are huge expectations that the Water Sector Working Group and its sub-groups will accelerate sector coordination between the Government of Ethiopia and development partners. Yet one key challenge is that the executive committee of the WSWG, which is chaired by the Federal Minister of Water, Irrigation and Energy, has not met since April 2014. Federal elections and the development of GTP2 are two reasons for the delay; it is clear that sector coordination through the WSWG mechanism needs to be strengthened and gradually formalized.

The issue of inadequate and non-uniform per diems is also a great challenge that affects the implementation of the OWP. For this reason, the group hopes there will be progress on the implementation of a uniform per diem as proposed by the DAG to MOFED in July 2014.

3. PRIVATE SECTOR DEVELOPMENT AND TRADE SECTOR WORKING GROUP (PSDT)

In the period from 2014 to 2015, the Private Sector Development and Trade working group focused on strengthening the relationship and the dialogue mechanism with the Government, including on policies and strategic directions such as the drafting and preparation of GTP II. The group provided inputs for GTP II indicators and to the Government's private sector development strategy. The group also deliberated on critical business constraints such as trade logistics (and Government's National Trade Logistics Strategy); access to finance; and capacity to implement in public institutions. In addition, the working group, in close collaboration with the Ministry of Industry, facilitated a learning event through visits to manufacturing firms and an industrial park.

One key function of the working group is to bring together development partners and Government representatives to coordinate support to private sector development and donor-supported interventions. To this end, the regular working group meetings have enabled sharing of information and brainstorming to strengthen the effectiveness of each intervention. A table summarising development partners' private sector development and trade activities is regularly updated by the group.

In light of the Second Growth and Transformation Plan's (GTP 2) objective to maintain double-digit GDP growth by transforming the economy and shifting towards light manufacturing by increasing both domestic and foreign investment, the Private Sector Development and Trade working group will play an important role in the policy dialogue over the next five years.

4. TRANSPORT SECTOR WORKING GROUP

Transport infrastructure is considered by the Government as the crucial catalyst to foster sustainable development and promote broad and inclusive growth. Since 1997 there have been important investments to expand and modernize the road network through four consecutive Road Sector Development Programmes (RSDP). The RSDP has achieved remarkable results and the fifth phase of the programme will be implemented under the framework of the GTP II. As transportation cost is one of the challenges that affected Ethiopia's competitiveness, the country gave priority to railway infrastructure development. Addis Ababa-Djibouti corridor and Addis Ababa light rail transit were given particular emphasis and will start operation soon. Contracts were also awarded to Mekele-Hara-Gebeya (Waldya)-268km and Hara Gebeya-Semera-Assayita-229km. The construction work has already begun for Awash-Kombolcha-Hara Gebyea (Woldiya) rail way. The road network has also witnessed increased network from 48,800km in 2009/10 to 60,466km in 2013/14. Under Universal Rural Road Access Programme (URRAP) 39,070km all-weather roads were constructed throughout the country.

The Transport Sector Working Group (TSWG) is the main forum for policy dialogue in the transport sector. It plays a key role in closely reviewing the formulation and implementation of sectoral policies, analysing results, identifying shortcomings and discussing possible ways forward. The Working Group is crucial in aligning development partners' initiatives to governmental policies and strategies and contributes to better and more effective interventions. In the context of the large investments in both road and railways, the Working Group represents an important platform to foster integration and coordination between different actors and sub-sectors.

The TSWG is co-chaired by the Ministry of Transport (MoT) and the EU. All governmental agencies under the MoT and development partners active in the sector share respective programme results and discuss progress in the implementation of national policies. The core activities of the TSWG comprise:

- (i) Dialogue on the formulation, implementation and appraisal of national policies, strategies and development partner activities;
- (ii) Attention to key issues such as rural access, road safety, maintenance of assets and capacity building;
- (iii) Discussion and support to foster coordination and integration between different transport modalities; and
- (iv) Regular presentations of Government and development partner activities such as technical assistance projects, sectoral studies and progress reports on national policies' implementation.

The high-level ownership and the long-term experience of DPs in the sector have contributed to meaningful discussions on current policy implementation results and challenges. In 2014-2015, further to the regular quarterly meetings, specific initiatives were undertaken to discuss and address the future development of the sector and to identify the main shortcomings. Development partners have carried out specific studies to analyse the current and future development of the transport sector as a whole and investigate issues such as the increasing unit cost of roads infrastructure.

5. Rural Economic Development and Food Security (RED&FS)

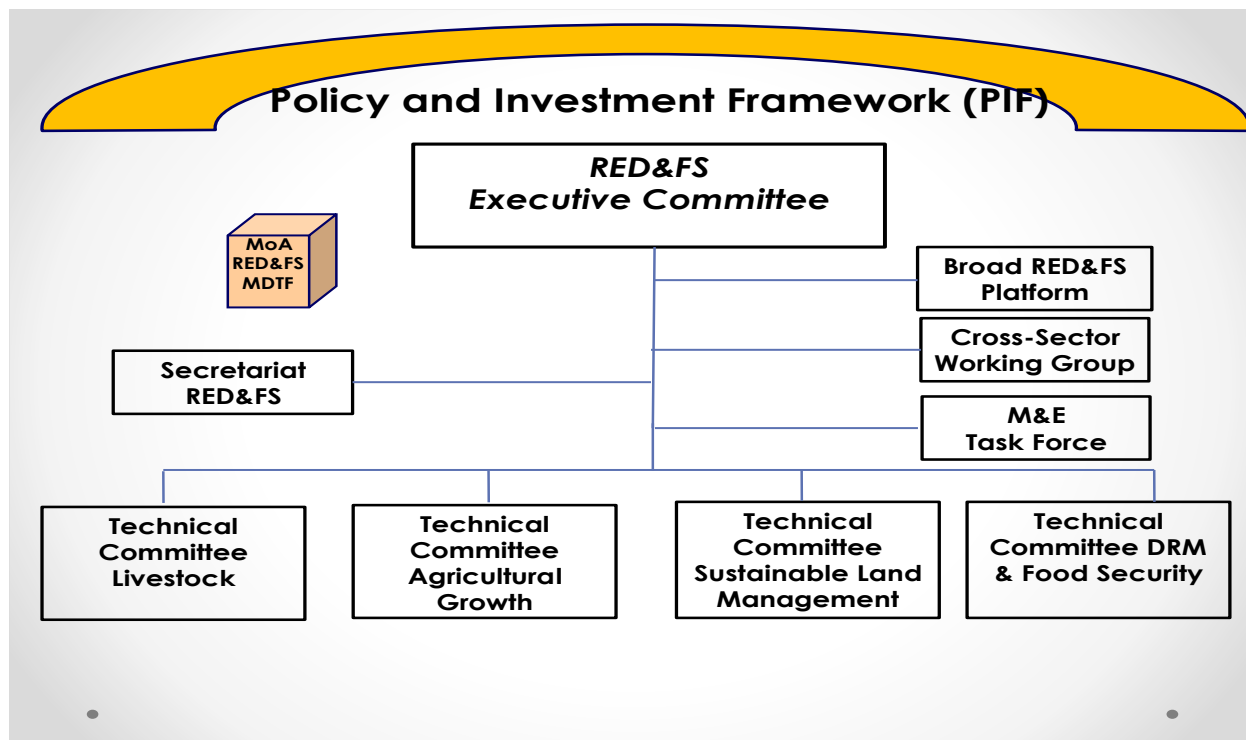
The Rural Economic Development and Food Security (RED&FS) Sector Working Group is a platform that brings the Government of Ethiopia and its development partners together to plan and implement actions in agricultural and rural development in Ethiopia. Since its inception in April 2008, it has proven to be an effective model of joint cooperation and achievement. The SWG is built on four Technical Committees, namely, Livestock; Agricultural Growth; Sustainable Land Management; and Disaster Risk Management and Food Security. Each technical committee is chaired by the respective ministry's State Minister and Co-Chaired by two development partner representatives. The Committees are further broken down into several Task Forces that focus on various sector components.

The Executive Committee is composed of key stakeholders from the Ministry of Agriculture and its associated Directorates and Agencies as well as representatives from development partners. It is chaired by the Federal Minister and co-chaired by development partner representatives. The work of RED&FS and its technical committees is supported by a Secretariat based at the Ministry of Agriculture.

The basic objective of RED&FS is to support the Government of Ethiopia to clearly define their development objectives and for development partners to mobilize, align, and harmonize those resources to meet those objectives, in this way effectively working in alignment with the various aid effectiveness commitments.

In addition to the technical committees, the Cross-Sector Working Group is mandated to bring together the various pillars to seek opportunities for synergies, cooperation and efficiencies; the M&E Task Force works closely with the MoA Planning and Programming Department to coordinate capacity building within the Department with the ultimate goal to develop a sector wide M&E system; and the Broad Platform is open to all stakeholders in the agricultural sector, including the private sector and non-state actors to allow them to engage with RED&FS.

The entire sector is guided by the Policy and Investment Framework (PIF - 2010-2020) which represents the National Agriculture Investment Plan for Ethiopia. The PIF describes the key strategic objectives and priority investment areas for the sector. RED&FS conducts an Annual Review of the PIF that allows for open and candid discussion on all issues ongoing in the sector and develops recommendations for further efficiencies.



Livestock Technical Committee

The newly established Livestock Committee has two dedicated Task Forces: (1) the Mixed Crop and Livestock Group brings together MoA and DPs focusing on highland livestock production systems, and (2) the Pastoral Livelihoods group is more focused on lowland production systems. The Committee works to strengthen and coordinate support to livestock health, nutrition, marketing and resilience programming and has worked closely with all major flagship programmes in the sector (AGP, SLMP, PSNP) on their approaches to livestock development. The Livestock Master Plan is a series of five-year plans that describe the goals for the livestock sector and can act as a framework around which to mobilize resources, not only from Government and development partners, but also from the private sector in public-private partnerships. The Drought Resilience and Sustainable Livelihoods Programme is the flagship programme for the sector and operationalizes the Country Programming Paper (CPP) for Ethiopia.

Agriculture Growth Technical Committee

The Agricultural Growth Technical Committee has also recently developed a Common Intervention Framework (CIF) for the sector. The CIF aims to further align investment in the sector, complement the Agricultural Growth Programme (AGP) and produce a guideline for new project proposals in the country to ensure their alignment and harmonization within the sector. The AGP is the flagship programme in agricultural growth, and mobilizes resources from several sources for development in high potential areas in four main regions. The second phase of AGP was approved in 2015.

Sustainable Land Management Technical Committee

The Sustainable Land Management Technical Committee is responsible for activities in natural resource management and for the Sustainable Land Management Programme (SLMP), which is a programme-wide approach. Phase 2 (SLMP2) is now active and builds on the success of SLMP1 with increased resources and geographic expansion into water deficient areas. Under this Technical Committee, the agricultural components of the Climate Resilient Green Economy (CRGE) are developed and organized.

Disaster Risk Management and Food Security Technical Committee

The Productive Safety Net Programme (PSNP) continues to be the major flagship programme for the Food Security sector. In 2014, the new phase of PSNP was developed and started implementation. In the Disaster Risk Management sector, the Strategic Policy and Investment Framework (DRM-SPIF) was approved and launched by the government.

PIF Review and Revision

Within RED&FS, the Policy and Investment Framework (PIF - 2010-2020), was developed as the overarching investment framework for the agriculture sector, operationalizing the GTP for the sector and defining government priority investment areas. Each year the PIF undergoes an extensive review process. In 2015, the PIF will undergo an in-depth mid-term review and the original PIF will be revised to bring it in line with developments in the sector over the past five years, as well as to respond and align to the Second GTP.

Challenges

The process of alignment and harmonization, conducted through the RED&FS Technical Committees, task forces and flagship programmes, inevitably demands a significant time commitment from both Ministry and development partner participants. The participation of many development partners in RED&FS platforms is not usually part of their reportable deliverables, resulting in their perception that participation is an additional activity beyond their core work. Institutional managers could alleviate this by including participation in RED&FS platforms as part of their official responsibilities. This would result in a more intensive and broader participation by the development partners.

Over the first six years of RED&FS, activities were supported by a World Bank Multi Donor Trust Fund (MDTF), supported by several development partners and administered by the World Bank. This MDTF supported the position of a donor coordinator working with the Secretariat, as well as consultancies, study tours and other activities identified in platform work plans. This MDTF ended in 2014 and a replacement mechanism has not yet been established. Subsequently activities have been supported through alternative and *ad hoc* sources. Establishment of another dedicated RED&FS MDTF would allow more efficient processes of funding the activities of the platform.

6. Donor Group on Gender Equality (DGGE)

The Donor Group on Gender Equality (DGGE) coordinates donor group on gender issues. The Group is co-chaired by UN Women and another partner (Austrian Development Cooperation in 2015) and has the specific mandate to contribute to the strengthening of mainstreaming gender issues and concerns into policies and strategies, under the overall umbrella of the Development Assistance Group (DAG).

The main strategy of the Donor Group on Gender Equality is to share experiences, lessons learned and provide platforms for partners to support the Government of Ethiopia in promoting gender equality and the empowerment of women. The main strategies adopted include supporting research and studies and facilitating policy dialogue to ensure that priority is given to gender equality and empowerment of women and girls in Ethiopia. In this regard, members of the DGGE, which increased significantly by June 2015 to 26², have collaborated on the following initiatives/achievements.

1. The **Preliminary Gender Profile** created under the guidance of UN Women provides an overview of the state of gender equality in Ethiopia in key areas such as institutional and policy coordination mechanisms; women's participation in politics and decision-making organizations, education, healthcare, and paid and unpaid economic activities. Specific constraints on the participation of girls and women in society, including gender-based violence and migration are also addressed.

2. The **National Women Machinery Assessment** looked at the effectiveness of the instruments on gender equality and empowerment of women. The sampling for the assessment targeted the Ministry of Women, Children and Youth Affairs (MoWCYA), Regional Bureaus (BoWCYAs) of Afar, Oromiya, and Tigray and the Addis Ababa City Administration. The main elements examined were: enabling environment; human resources; budget allocation; systems of collaboration and partnership; system for coordination, monitoring, and reporting; and a system for data collection and analysis. DGGE members constituted a Task Force to assess the possibility/feasibility of developing a national programme of support to the so-called "national gender machinery" in Ethiopia so as to systematically track and provide guidance on bridging gender gaps in Ethiopia.

3. In collaboration with the DGGE, the **EU Gender Task Force** commissioned a Mapping Tool, conceived as an instrument to strengthen coordination and harmonization among EU member interventions on gender equality by mapping all the EU projects associated with gender issues. The tool was finalized in April 2015. As of June 2015, ten contributions for a total of 46 projects listed were submitted. In order to broaden the scope of the mapping, the DGGE encouraged non-EU members to provide input, asking DGGE members to contribute to it. This proposal is under consideration.

² Members include African Development Bank, Australia, Austria, DFID, Ethiopia Canada Coordination Officer, EU Delegation, Finland, France, Girl Hub, GIZ, ILO, Irish Aid, Italian Development Co-operation, Japan, the Netherlands, Norway, Sweden, UNDP, UNFPA, UNIDO, UN Resident Coordinator's Office, UN Women, USAID, US Embassy, World Bank, and WFP.

4. According to the DGGE work plan 2015 (developed with the contribution of DGGE members and endorsed in the DGGE April meeting), policy dialogues have been agreed and will be developed during the year 2015.

- Organized a policy dialogue on women and financing for development for a side event during the Third International Conference on Financing for Development held in Addis Ababa in July 2015. The event was organized by the members of a technical committee and included UN Women, the Government of Ethiopia (Ministries of Women, Children's and Youth Affairs; Finance and Economic Development and Foreign Affairs), UN ECA, UNDP's Regional Service Centre, Poverty Action Network, Oxfam and the EU Delegation, under the leadership of the Ethiopia Government.

- Scheduled organization of a policy dialogue on the implementation of the UN Security Council Resolution 1325 on women, peace and security in Ethiopia, focusing on gender mainstreaming in the humanitarian response. In preparation for this, the DGGE is currently supporting a preliminary study in two refugee camps to assess the principal gaps and challenges to the humanitarian response in the Ethiopian context and the possible positive outcomes of the implementation of the UNSC Resolution 1325. The TORs of the assessment were developed with the contribution of several DGGE members. The Austrian Development Agency committed EUR 10,000 to conduct the study, which is currently ongoing and it is scheduled to be concluded by October 2015.

5. The DGGE, through the Austrian Development Agency, also supports the Association for Women's Sanctuary and Development (AWSAD), a CSO partner of UN Women providing safe housing to women and girl survivors of violence. The funding is designated to cover medical supplies and equipment for a girl who was raped, maimed and orphaned. The German Government also supported the girl's medical costs in Germany. After this initial support, the DGGE is looking at how it can further cooperate with AWSAD in ending violence against women.

VI. FINANCIAL SUMMARY

Table B1. 2014-2015 Financial Contributions from DAG Members to DAG Pooled Fund

No	Donors	July – Dec. 2014	Jan. - June 2015	Total Resources
1	AFDB		15,000	15,000
2	Australia		9,680	9,680
3	Austria		78,300	78,300
4	Denmark		18,984	18,984
5	DFID		102,362	102,362
6	EU		2,709	2,709
7	Finland		25,442	25,442
8	France			
9	Germany	62,267		62,267
10	Ireland		53,022	53,022
11	Italy	37,175		37,175
12	JICA			
13	Netherlands		50,000	50,000
14	Norway	95,350	79,559	174,909
15	Spain		54,466	54,466
16	Sweden			
17	Switzerland		10,537	10,537
18	USAID		100,000	100,000
19	World Bank		40,000	40,000
	Total	194,792	640,061	834,853

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 B2. DAG Pooled Fund Expenditure July 2014-June 2015

	Description	Expenditure in USD
1.	Effective Support to the GTP and MDG Consultative Process	330,269
2.	DAG and Government dialogue structure function effectively	533,733
3.	Enhance the capacity of Government and DPs to achieve aid effectiveness and harmonization targets	60,124
Total		924,126

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.