



*Empowered lives.
Resilient nations.*

ANNUAL REPORT

UNITED NATIONS DEVELOPMENT PROGRAMME-ETHIOPIA

2014



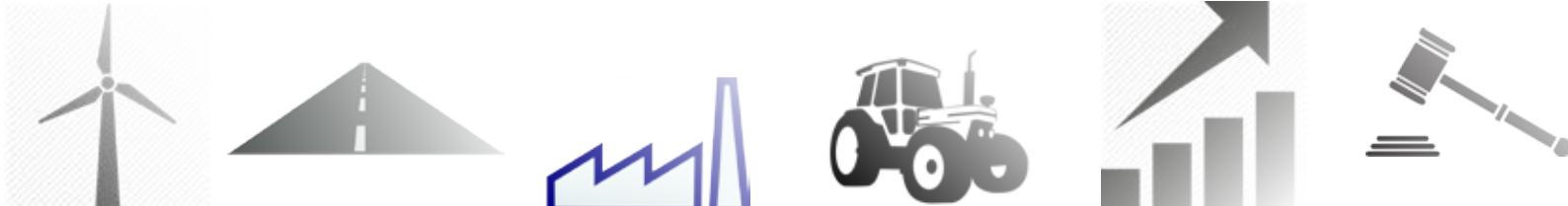
Ethiopia is known as the birthplace of coffee and is the producer of the highest premium Coffee Arabica in the world. UNDP has assisted Ethiopia to establish a National Coffee Platform and set up a coffee testing lab to ensure quality and enhance exports. The extreme importance of the coffee sector for Ethiopia's economy pushed the government to address price instability, requiring since 2008, that all coffee be traded within the Ethiopia Commodity Exchange (ECX), which was set up with the support of UNDP.

In January 2014, UNDP facilitated the Ethiopian Minister of Trade's visit to Costa Rica and Guatemala to learn about their experiences in production and trade of sustainable commodities.

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About the United Nations Development Programme: UNDP partners with people at all levels of society to help build nations that can withstand crisis, and drive and sustain the kind of growth that improves the quality of life for everyone. On the ground in more than 170 countries and territories, we offer global perspective and local insight to help empower lives and build resilient nations.

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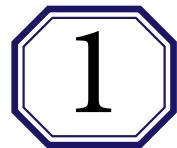
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Acronyms

AGP	Agriculture Growth Programme
AMP	Aid Management Platform
ATA	Agricultural Transformation Agency
AUC	African Union Commission
CDM	Clean Development Mechanism
COP18	International Conference on the United Nations Framework on Climate Change
CRGE	Climate Resilient Green Growth
DAG	Development Assistance Group
DAO	Delivering As One
DRM	Disaster Risk Management
DRMFSS	Disaster Risk Management and Food Security Sector
DRR	Disaster Risk Reduction
DRS	Developing Regional States
ECSU	Ethiopian Civil Service University
EDC	Entrepreneurship Development Centre
EDP	Entrepreneurship Development Programme
EGPR	Economic Growth and Poverty Reduction
EIPKTC	Ethiopian International Peacekeeping Training Center
ETO	Ethiopian Tourism Organization
EWS	Early Warning System
FEACC	Federal Ethics and Anti-corruption Commission
FSP	Financial Service Providers
GDP	Gross Domestic Products
GEF	Global Environment Forum
GTP	Growth and Transformation Plan
HDI	Human Development Index
HICE	Household Income, Consumptions and Expenditure Survey
HoPR	House of Peoples' Representatives
ILG	Institute for Leadership and Governance
MDG	Millennium Development Goals
MEPF	Ministry of Environmental Protection & Forestry
MoFED	Ministry of Finance and Economic Development
MPTF	Multi-Partner Trust Fund
NCP	National Coffee Platform
NEBE	National Electoral Board of Ethiopia
NSDS	National Strategy for the Development of Statistics
ODA	Official Development Assistance
SDGs	Sustainable Development Goals
SPIF	Strategic Programme and Investment Framework
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme

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Growth



Strengthening Democratic Governance &
Enhancing Local Capacities



Fully Unlocking Ethiopia's
Economic Growth Potential



Partnership, Resource Mobilisation
and Programme Expenditures

Foreword

I am pleased to share with you the 2014 Annual Report of the United Nations Development Programme in Ethiopia.

During 2014, UNDP scaled up its support for Ethiopia through strategic interventions on the ground and policy engagements around key thematic areas of climate resilient green growth, economic growth and poverty reduction, as well as capacity building and democratic governance.

Ethiopia is at the tail-end of its first of three five-year development plans that aim to propel the nation to achieve middle income country status by 2025 and also develop a climate resilient green economy.

UNDP's policy and development solutions support to Ethiopia - a country that is clearly on the move on many fronts - is fully aligned behind key national development priorities.

Ethiopia's ambitious development plan is backed by a sound track-record that places it among the fastest growing economies in the world, with an average GDP growth rate of 10.8 percent per annum in the last ten years.

In 2013/14, the country registered broad-based growth with key sectors of the economy such as agriculture growing by 5.4 percent, industry by 21.2 percent and the services sector by 11.9 percent. This growth momentum is expected to continue in 2014/15 and beyond, though at a projected slower pace.

The Government of Ethiopia is also credited with maintaining a favorable macro-economic policy environment. In 2013/14, it pursued prudent fiscal and tight monetary policies and the combined effect brought down annual inflation to single digit at 7.4 percent.

Fiscal policy has focused on enhancing the capacity of tax revenue, to meet the country's expenditure needs, and maintaining a budget deficit of less than 3 percent of GDP. During 2013/14 the budget deficit remained low at 2.6 percent of GDP.



“ UNDP's policy and development solutions support to Ethiopia is fully aligned with the key national development priorities. ”

The economic and political stability the country has experienced over the last decade has translated into commendable progress as seen in poverty reduction and improvements in human development. While there are improvements in human development indicators, the country is still faced with challenges in the areas of ensuring quality of social services like education and health, as well as addressing growing income inequality, guaranteeing the inclusivity of economic growth, and strengthening democratic governance.

Ethiopia is on track to meet six out of the eight Millennium Development Goals (MDGs) by the end of 2015. More effort, however, is needed to accelerate the achievement of MDG 3 on Gender Equality and Women Empowerment and MDG 5 on Reducing Maternal Mortality rate, both of which are lagging behind.

2015 is a pivotal year for Ethiopia as not only will the country join the rest of the world as it transitions its development discourse from MDGs to the new Sustainable Development Goals (SDGs), but the nation will also introduce its new five year development plan. National elections are also scheduled for May 2015. There is strong expectation that this is another opportunity for Ethiopia to deepen the ongoing democratization process. UNDP, in response to a request from the National Electoral Board of Ethiopia, is coordinating donor support to the upcoming elections focusing on efforts to ensure that the elections are peaceful and credible.

Moving forward, UNDP will continue to strengthen its partnerships to enhance the delivery of development results for Ethiopia.



Eugene Owusu
UNDP Resident Representative
UN Resident Coordinator & UN Humanitarian Coordinator



Ethiopia at a Glance

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Home



Notifications



Messages

#Discover



Ethiopia Second most **#populous** country in **#Africa** with 90 million **#inhabitants**



Has one of the fastest growing **#economy** with **#growthrate** of **10.3%** in 2013/14



#Povertyrate declined from **38.7%** in 2004/05 to 26% in 2012/13



#agriculture accounts for **85%** of the total **#employment**



Over **1.4** million **#Ethiopians** are ready to join the **#labourforce** every year.



A **53.2%** increase in **#HumanDevelopmentIndex** since 2000 indicating a **3.34%** annual increase



#Ontrack to achieve **Six #MDGs** by 2015



lagging behind **#MDG** goals 3 & 5

How We Work in Ethiopia

UNDP plays a strategic role to support Ethiopia's transformational development agenda through three major programmes.



Supporting development
of a climate-resilient
green growth

2014 project delivery expenditure
US\$ 13 million

Strengthening democratic
governance &
capacity development

2014 project delivery expenditure
US\$ 11.5 million

Promoting enhanced
economic growth and
poverty reduction

2014 project delivery expenditure
US\$ 10.8 million

Coordination

UNDP Ethiopia is committed to strengthening existing partnerships and developing new ones to promote a more harmonized approach to the support provided to Ethiopia. UNDP does this through playing a central role in the coordination of both the 26 agency UN Country Team (UNCT) and the 27 member Development Assistance Group (DAG).

UNDP actively takes part in the multi-donor Macro Development Forum, Public Financial Management Group and technical working groups for Social Protection, Private Sector Development, Governance, M&E, and Rural Economic Development & Food Security

UNDP also supports the implementation of the United Nations Development Assistance Framework (UNDAF) for Ethiopia in partnership with 25 other UN agencies, funds and programmes across Ethiopia.

Knowledge Hub

UNDP invests heavily in knowledge management through the production of knowledge products and facilitating policy forums. These help inform UNDP's work in Ethiopia and also provide a valuable source of knowledge sharing for partners. In 2014, UNDP produced a number of knowledge products including working papers on **Governance of Natural Resources in Africa** and **Civic Engagement for Effective Service Delivery in Ethiopia**, as well as an issues paper on **Financing for Development** that has helped to inform the UN Country Team.

UNDP also organised half a dozen policy forums in 2014, including in partnership with the Ethiopian Economics Association and the Institute for Security Studies. A partnership has also been successfully formed with the Addis Ababa University's Faculty of Business and Economics to host quarterly Executive Ideas Exchange Forums.

United Nations Volunteers

UNDP oversees the activities of the United Nations Volunteers (UNV) in Ethiopia helping facilitate the placement of keen and experienced national and international volunteers in key government and UN offices.

Around 60 UN volunteers currently work in the country filling human resource gaps and strengthening the capacity of partner organizations to deliver improved services to disadvantaged people within the context of the on-going decentralization process, at grassroots level, urban growth centers, as well as regional tiers.



Gross Domestic Product

Ethiopia's GDP was \$ 55 Billion with per capita GDP of \$631 by end of 2013/14.

Agriculture, Industry and Services contributed 40 percent, 14 percent and 46 percent to the GDP respectively.

Real GDP grew by 10.3 percent in 2013/14 and 5.3 percent of this growth came from the service sector, 2.7 percent from industry and the balance from agriculture.

From the demand side, consumption accounted for 77.5 percent and domestic saving 22.5 percent of GDP in 2013/14; gross capital formation was 40.3 percent.



Supporting Climate Resilient Green Growth

Ethiopia plans to become a middle income country with a climate-resilient, carbon-neutral and green economy by the year 2025. The country has a clear national strategy on climate change adaptation and mitigation to help bring about the desired outcome.

The governance system that is in place includes a ministerial steering committee that monitors and provides guidance on the implementation of the Climate Resilient Green Economy (CRGE) strategy. Resource mobilisation and CRGE strategy implementation is enhanced by an effective partnership established with key ministries and their regional offices as well as with development partners.



\$ 40.6 million mobilized to finance the Climate Resilient Green Economy Facility

240 manually managed and **10** Automatic Weather Stations established in 2014

8 new protected areas are demarcated for sustainable utilization and protection of wildlife

3,966 farmers have benefited from climate-smart agriculture and innovative adaptation technologies and practices

UNDP has continued to support the country to successfully mainstream climate change into the national planning, budgeting, M&E and development programmes. The mainstreaming initiative involved advocacy, training, strengthening leadership, development of tools as well as review and updating of instruments to incentivise actions. The training of 500 decision-makers and professional staff, drawn from nine regions and two city administrations, has helped to enhance their awareness of CRGE related policy issues, the impact of climate change and climate financing among others.

In 2014, UNDP's support to the climate change agenda included providing technical support for Ethiopia's readiness to access the Green Climate Fund and other sources of climate financing. Through the UNDP's support, Ethiopia was able to strengthen a national climate information and early warning system to guide evidence-based decision-making and development practices.

Climate Change Adaptations

At the community level, UNDP's support has focused on helping Ethiopia design and implement appropriate adaptation and mitigation mechanisms to enhance communities' resilience to climate events and other shocks.

Community level adaptation has received strong support and in 2014, 3,966 farmers (2,171 male & 1,795 female) in four vulnerable regions started implementing various adaptation practices that strengthened their livelihoods following trainings on climate-smart agriculture and innovative adaptation technologies and practices.

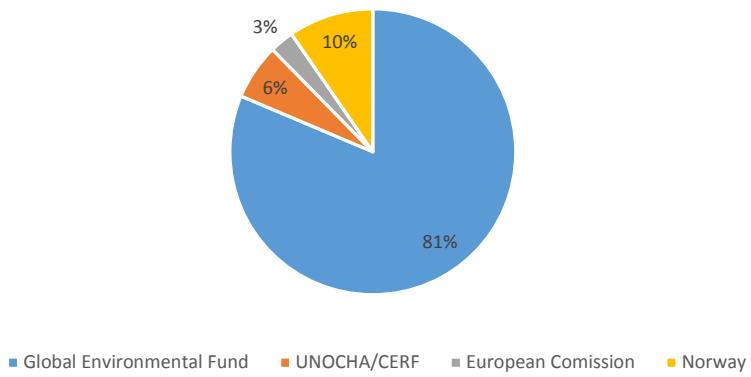
Mobilising Funds

The implementation of capacity needs assessment for four key ministries (Agriculture, Water, Irrigation and Energy, Industry and MoFED) has led to the design of sector specific climate resilient strategies. These help guide the mainstreaming and alignment of activities in these sectors with the country's overall national plan and the Climate Resilient Green Economy (CRGE) strategy.

The design of an operational manual and an M & E framework has enabled the CRGE Facility to mobilize funds for the implementation of priorities set in the strategy. UNDP has also developed a \$ 24 million institutional capacity strengthening programme for the development of the forest sector, successfully mobilizing \$ 10.5 million from Norway. The forest sector is one of the four pillars identified in the CRGE strategy.

In March 2014, Ethiopia launched a new climate information initiative to strengthen early warning systems as well as support climate resilient development planning and adaptation to climate change efforts in the country. UNDP is supporting the Government of Ethiopia to implement this initiative and so build a stronger climate-smart nation that will adapt to climate change and prepare for anticipated weather extremes and long-term changes.

Resource mobilized per donor for Climate Resilient Green Growth unit (in percentage)
Total contribution from donors- \$ 7,972,179



Enhancing Climate Change Information

UNDP is supporting national capacity to monitor extreme weather events and climate change. Additional 1,000 manually managed weather stations have been established, bringing the total number of stations in the country to 1,240, while automatic weather stations have increased from 70 to 110.

Similar support was provided to increase hydrology gauging stations from 4 to 64. These stations improve weather monitoring by using highly automated communications process to undertake measurements and data collection from remote or inaccessible points.

UNDP also supported the procurement of six mobile calibration units and one upper air monitoring stations. This has enhanced the gathering and analysis of up-to-date climate information and strengthened the country's climate information and early warning system.

The availability of timely and reliable localized weather data and information has allowed eight pilot districts in four regions to develop their respective climate change adaptation plans.

Energy Sector

Regional bureau heads and senior experts in the energy sector were able to enhance their knowledge of alternative technology through a UNDP facilitated training of trainers and exposure visit to Kenya.

UNDP also assisted in enhancing national awareness of renewable energy and energy efficiency technology through supporting promotion activities including through the use of the media.

UNDP also provided technical support for the implementation of a gender action plan for the sector and the mainstreaming of gender into energy projects and programmes in Ethiopia.

Eleven fixed stove technologies were developed and installed in institutions in 3 regions, including universities and prisons. 132 experts (61 male and 71 female) were trained on the design and utilization of these new technologies.

Drylands Management

One third of Ethiopia's population currently lives in what is categorized as dryland area. Since 2010, UNDP's support for drylands management interventions has sought to build the capacity of local government and communities to manage their natural resources and diversify pastoral livelihoods. UNDP assisted Ethiopia to share its best practices with other African and Asian countries by facilitating experience sharing visits to examine community level adaptation, environment conservation and dryland management.

Conservation of Biodiversity

UNDP supported the revision of existing policies and the development of a marketing strategy, which significantly contributed towards strengthening national efforts to conserve Ethiopia's unique biodiversity resources. UNDP continued supporting the mainstreaming of agro-biodiversity conservation into the agricultural production systems of the country in line with Ethiopia's strategy on Convention of Biological Diversity (CBD) and National Biodiversity Action Plan (NBSAP).

The management of 12 protected areas was enhanced through the rollout of training for staff, wardens and scouts, provisions of material, rehabilitation of roads as well as development and fencing of water-points. Eight new protected areas were demarcated and new proclamation and regulations designed to ensure the sustainable utilization and protection of wildlife resources.

UNDP also provided assistance for the updating of the existing wildlife policy and facilitated an inter-ministerial reviewing and drafting of a legislation that is currently before the Council of Ministers for approval. The legislation is expected to facilitate the creation of a legal framework to enhance the management of protected areas and build a vibrant tourism sector in Ethiopia. An additional five national policies, their institutional framework and mandates relating to agro-biodiversity, were also updated and are waiting for the approval of the Council of Ministers. A marketing strategy has also been finalized.

UNDP supported the preparation of a strategy to build on the adaptive capacity of the country to conserve agro-biodiversity in the face of changing climate. An extension package for two farmers' varieties crops (teff and durum wheat) has been finalized, and similar packages are in progress for enset and coffee.



Building Resilience

Building resilience is a high priority for Ethiopia, and the country is becoming a leading figure in disaster risk management (DRM) having proactively shifted its focus from traditional crisis management to DRM as early as 2007. As an organization committed to building resilient nations, UNDP has actively engaged with the Government of Ethiopia to enhance the capacities of institutions at the federal as well as community level through the implementation of proactive DRM initiatives in the most hazard-prone regions of the country. A hundred communities have received support to develop their own DRM plans, including disaster mitigation plans.

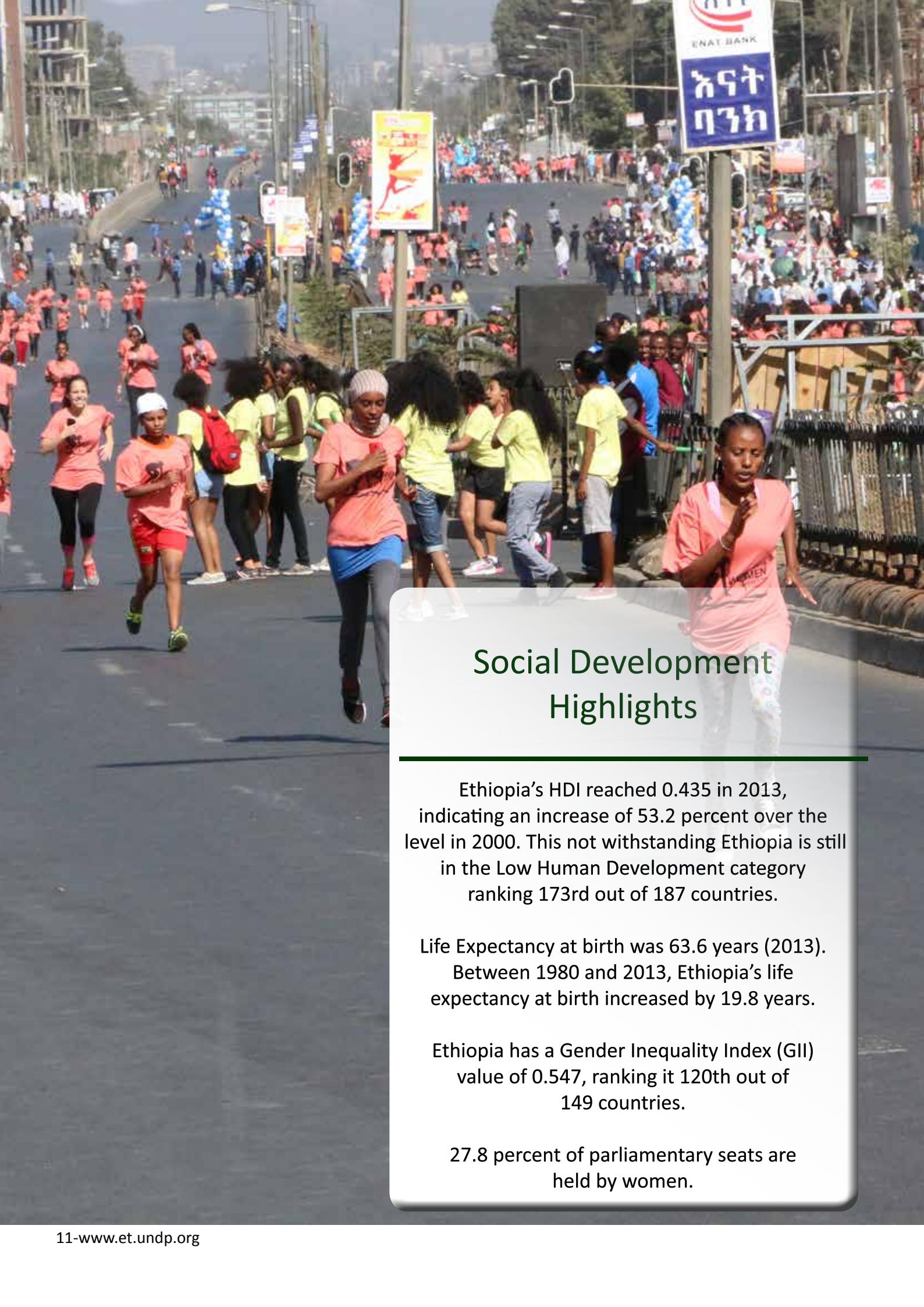
Through south-south cooperation supported by UNDP with the Asian Disaster Preparedness Centre (ADPC) and the African Centre for DRM, Ethiopia now has seventy-seven trainers and experts who are at the forefront of efforts to develop regional DRM plans and result-based monitoring. Studies have also been undertaken on alternative livelihood recovery in various regions, which will inform future policy and programme development at national level. A livelihood recovery cash-for-work initiative, through rehabilitation of water points, rangeland and natural resources management, has also helped 200,000 people to build their assets and strengthened long term resilience of disaster hit communities.

A high level policy forum on drylands management has helped create awareness of the economic importance of drylands, identify policy gaps for scaling up best practices, and share experiences on the benefits of sustainably managing and utilizing drylands in Ethiopia.

The event in Semara, Afar Regional State, was organised by UNDP in partnership with the Afar Regional Government, and the Afar Environmental Protection, Land Administration and Use Agency (EPLAUA).

EPLAUA implemented the Afar Integrated Drylands Management Project (AIDMP), with the support of UNDP and the Norwegian Government, seeking to improve the livelihoods and coping mechanisms of the pastoral communities in five districts of the region.





Social Development Highlights

Ethiopia's HDI reached 0.435 in 2013, indicating an increase of 53.2 percent over the level in 2000. This notwithstanding Ethiopia is still in the Low Human Development category ranking 173rd out of 187 countries.

Life Expectancy at birth was 63.6 years (2013). Between 1980 and 2013, Ethiopia's life expectancy at birth increased by 19.8 years.

Ethiopia has a Gender Inequality Index (GII) value of 0.547, ranking it 120th out of 149 countries.

27.8 percent of parliamentary seats are held by women.

3

Strengthening Democratic Governance & Enhancing Local Capacities

UNDP currently collaborates with more than 18 public sector partners to implement 14 projects that contribute to strengthening democratic governance and enhancing local capacities in Ethiopia.

As a result of these targeted supports, democratic institutions have continued to enhance their capacity to better exercise their constitutional mandates, particularly in the areas of key oversight, investigations and accountability.



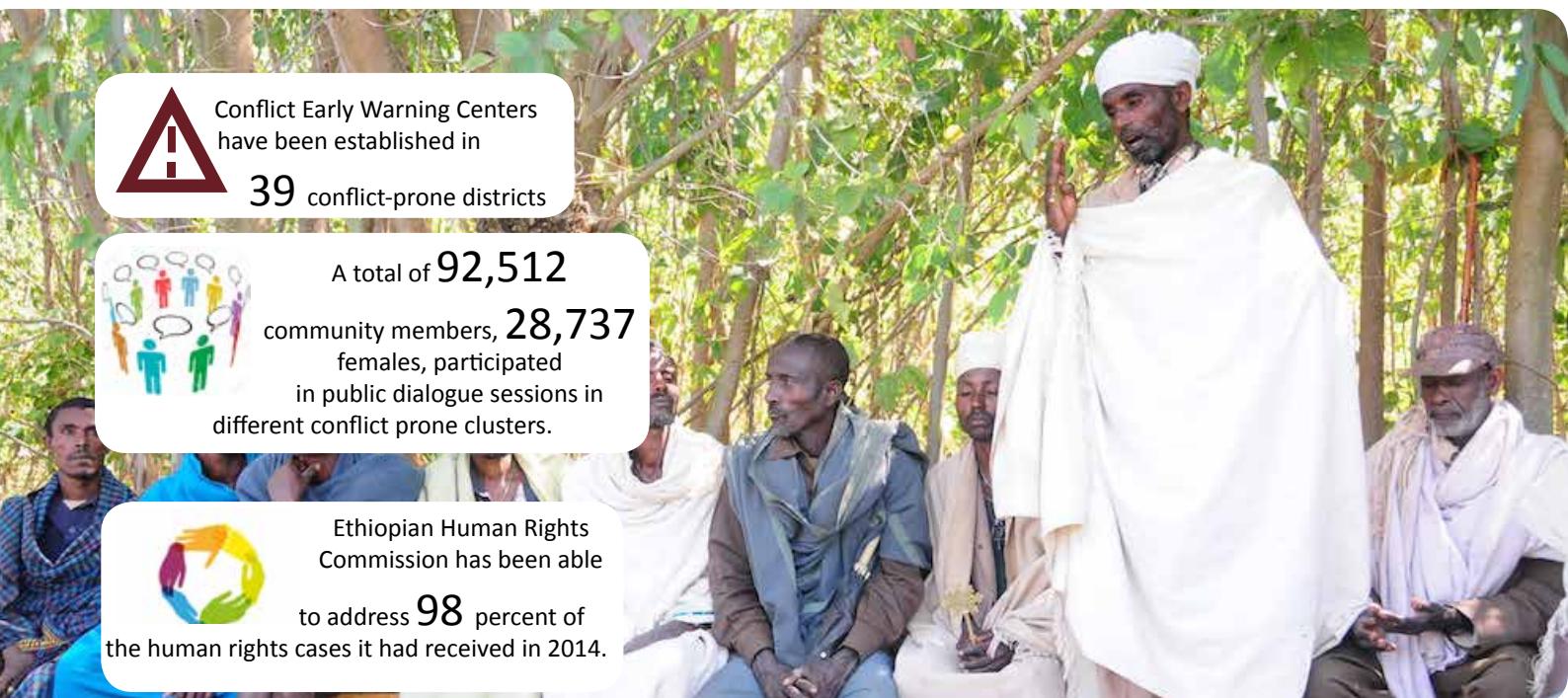
Conflict Early Warning Centers have been established in
39 conflict-prone districts



A total of **92,512** community members, **28,737** females, participated in public dialogue sessions in different conflict prone clusters.



Ethiopian Human Rights Commission has been able to address **98** percent of the human rights cases it had received in 2014.



UNDP's Governance and Capacity Development Programme portfolio encompasses Leadership and Capacity Development; Democratic Governance, Rule of Law, Human Rights and Peace Building; Local Governance; and the Transparency of the Extractive Sector.

Enhancing Local Governance

A joint UN programme in the four Developing Regional States has helped strengthen the capacity, effectiveness and responsiveness of public services delivery. It has also accelerated development efforts through improving citizens' participation, ensuring accountability and responsiveness of local governance structures. The programme has also helped improve sustainable livelihoods and is supporting efforts aimed at strengthening the regional governments' capacity to monitor the implementation of the national development plan.

UNDP has partnered with the Government of France to support the Institute of Leadership and Good Governance, which is responsible for enhancing the quality of Ethiopia's Civil Service in order to strengthen the capacity of public institutions to deliver services as well as to enhance medium and senior management's capacity in strategic policy formulation and implementation.

Legal Aid Services

In 2014, five new legal aid centers were established in five regional states to enhance access to justice. Over the period under review, 12,500 citizens, mostly comprising vulnerable groups such as women, children and persons with disabilities, received free legal aid services through the 68 legal aid centers established with UNDP's support.

UNDP also supported Ethiopia to revise three legal instruments in 2014. National anti-corruption policy is currently awaiting finalization and adoption. The Federal Ethics & Anti-Corruption Commission has successfully conducted a baseline study to establish result indicators for justice system reforms and monitoring aimed at combating corruption.

Supporting Democratic Institutions

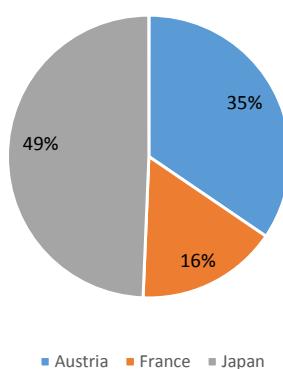
UNDP has continued to provide strategic support to a number of key democratic institutions to enable them to strengthen the implementation of their constitutional mandates such as enhancing transparency, accountability, rule of law and access to justice, transparency, accountability, rule of law and access to justice. The targeted democratic institutions are the Ethiopian Human Rights Commission, Ethiopian Institute of the Ombudsman, the National Electoral Board for Ethiopia, the Federal Ethics and Anti-corruption Commission, the House of People's Representatives and House of Federation.

In 2014, UNDP continued to strengthen the capacity of the Ethiopian Human Rights Commission to monitor, investigate and address cases. During the reporting period, the Commission published three human rights monitoring reports which have been submitted to the international treaty body. Ethiopia has also successfully undergone through the second Universal Period Review.

The Ethiopian Institute of Ombudsman cleared 90 percent of the complaints it had received in 2014, demonstrating an 18 percent increase from previous year in the number of complaints handled. With UNDP's assistance, the Ombudsman upgraded its monitoring capacity by establishing a baseline on access to information that is aligned with an online reporting system.

Resource mobilized per donor for Democratic Governance and Capacity Building unit (in percentage)

Total contribution from donors- \$ 1,082,522



National Elections

In 2014, the Government of Ethiopia requested UNDP to coordinate international assistance to the general elections scheduled for May 2015. UNDP continued to enhance the capacity of the National Electoral Board for Ethiopia to organize free and credible election. This was done through facilitating trainings and access to best practices, procurement of equipment, the introduction and implementation of internal process reforms and the establishment and strengthening of permanent regional offices in nine regional states.

The focus areas in the election support programme include:

- Trainings for election officials, domestic election observers, media and justice sector officials such as the police, prosecutors and judges;
- Facilitating dialogue session among federal level political parties;
- Capacity building of women candidates;
- Supporting human rights monitoring during the election process;
- Supporting voters' education; and
- Building the communication capacity of the National Electoral Board for Ethiopia (NEBE)

Conflict Prevention

UNDP supported Ethiopia to establish conflict early warning centers in 39 conflict-prone districts to enhance conflict prevention capacities & peaceful resolution of conflicts. Over the review period, a total of 92,512 community members (28,737 female) participated in public dialogue sessions in various conflict prone clusters.

The Regions' capacity to plan, implement and monitor peace building interventions has improved with the availability of 268 trained field monitors.

In 2014, UNDP supported the Ethiopian International Peacekeeping Training Center to develop its curriculum and modules on conflict prevention, conflict management and post-conflict recovery.

UNDP has also partnered with the African Union Peace and Security Department and equipped 28 participants, including eight high level military officers from IGAD member states, with knowledge and skills in conflict analysis, early warning mechanisms, dialogue, mediation and negotiation through access to various trainings provided at the Training Centre.



The Ethiopian Civil Service University (ECSU) launched its first Mentor's Training Review Workshop in early October 2014 as part of the University's on-going civil services sector human resource capacity building Master's programme initiative.

This two year Master's programme is currently in its fourth year and is jointly supported by UNDP Ethiopia and France's École Nationale d'Administration (ENA).

The Ethiopian Civil Service University (ECSU) hosts the Institute for Leadership and Good Governance. According to ECSU President, Dr. Haileichael Aberra, civil service reform is still at an initial stages in Ethiopia and hence will require strong and committed, transformation-oriented leadership, which are the skills that the Institute currently prioritizes through the courses it delivers. The Institute has graduated two batches of civil servants who are currently assisting with the country's decentralization process.



Import and Export

Ethiopia generated \$1.22 billion from the exports of goods in the first seven months of 2014/15; this was a 5.6 percent increase in export figures from that of the preceding year.

Major exports are coffee (21 percent), oil seeds (17 percent), gold (13 percent), chat (10 percent), pulses (9 percent), cut flower (7 percent) and live animals (6 percent).

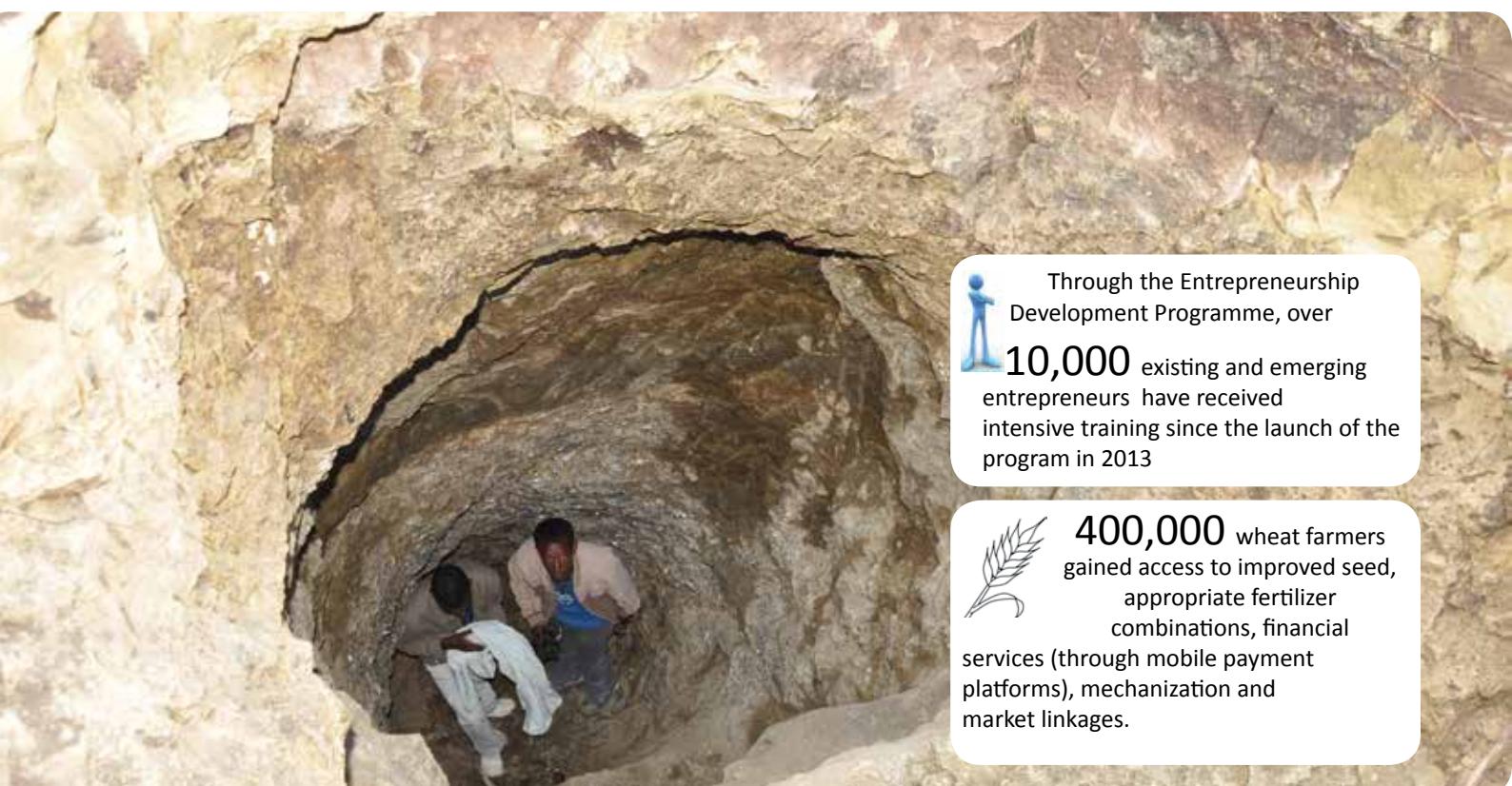
Total import bill was \$9.4 billion in the first seven months of 2014/15 showing a 19.7 percent increase compared to its preceding year level. As a result, the trade deficit widened to \$10.4 billion in contrast to \$8.4 billion in the preceding year.

Major imports were capital goods (39.7 percent), consumer goods (28.1 percent), semi-finished goods (15.5 percent) and fuel (13.7 percent).

4

Fully Unlocking Ethiopia's Economic Growth Potential

UNDP's support to Ethiopia in this domain builds on the country's decade of sustained double digit economic growth. The source of growth in Ethiopia has gradually shifted over the decade from agriculture to services, and from private consumption to public investment. The contribution of agriculture to GDP has fallen from 52 percent in 2003/04 to 40 percent by 2013/14, while that of the services sector increased from 38 percent to 46 percent during this same time period (APR, 2014).



Through the Entrepreneurship Development Programme, over 10,000 existing and emerging entrepreneurs have received intensive training since the launch of the program in 2013



400,000 wheat farmers gained access to improved seed, appropriate fertilizer combinations, financial services (through mobile payment platforms), mechanization and market linkages.

Enhancing the Agricultural sector

The Agricultural Transformation Agency (ATA) was established with the support of UNDP and seeks to tackle bottlenecks in the agriculture sector. In 2014, UNDP continued to support the ATA, which introduced new technology and practice for teff including Reduced Seed Rate technology package that led to a 44 percent increase in national teff productivity.

As part of the UNDP supported work at ATA, a wheat productivity enhancing strategy has enabled 400,000 wheat farmers to gain access to improved seed, appropriate fertilizer combinations, mechanization, financial services (through mobile payment platforms) and market linkages.

A new direct seed marketing approach was introduced and implemented in 70 districts across four regions. The introduction of well-trained private retailers - as a complementary model to primary cooperatives in distributing improved seeds to smallholder farmers - has enabled smallholder farmers to expand their access to agricultural inputs. The increase in the retail channels and competition has meant an upsurge in the volume of seed marketed while helping reduce the carryover stock and mismatch between supply and demand in the sector.

By the end of 2014, through the partnership with UNDP, ATA supported the establishment of regional seed regulatory authorities in two out of the country's four main seed producing regions.

At the federal level, a regulatory body was also established as a directorate within the Ministry of Agriculture to take the lead in variety-release registration and protection activities across the country.

A new Interactive Voice Response (IVR) system in three local languages, along with a companion text message delivery platform, was introduced in 2014 to assist regional bureaus of agriculture. The IVR leverages mobile technology to disseminate information on crops specific to soil type and altitude to smallholder farmers. 22,820 calls were received in just the first week of the launch of the IVR.

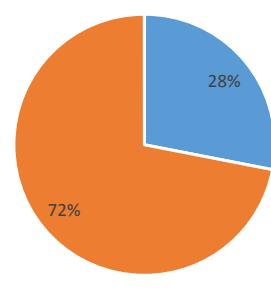
UNDP's support to the Ministry of Agriculture and the Ethiopian Institute of Agricultural Research (EIAR) also strengthened the capacity of the Molecular Biotechnology Research Laboratory (MBRL) to conduct quality based research on agricultural inputs that serves both local and international industries. This intervention falls under supporting areas identified as priorities within the National Agricultural Products Quality Infrastructure (NAPQI) framework.

Ethiopia is beginning to see investments in barley malting, sesame hulling, and chickpea processing following efforts to create a strong international presence at trade shows.

Resource mobilized per donor for Economic Growth

& Poverty Reduction Unit (in percentage)

Total contribution from donors- \$ 9,326,364



■ BMG Foundation ■ Canada

Transforming the Industry Sector

In order to accelerate the transformation of Ethiopia's industrial sector, UNDP supported the Ministry of Industry to review its policy and strengthen its capacity to regulate the development of the industrial sector. The support has enabled the Ministry to design strategic interventions to enhance competitiveness and productivity in the prioritized sectors complemented with an efficient monitoring and evaluation systems. UNDP also supported the preparation of an Industrialization Road Map and an implementation strategy for the manufacturing sector that will run until 2025. A feasibility study and a business plan for establishing an Integrated Agro-Industrial Parks (IAIP) has been commissioned. In addition to this, UNDP supported the Ministry to conduct a study on the export performance of the manufacturing sector.

Ethiopia places strong emphasis on the need to address weakness in its trade logistics. In line with this national priority, UNDP supported the development of a national logistics strategy to help update the country's inefficient logistics system, reduce the cost of doing business and enhance export competitiveness.

The development of a standardized input-output coefficient system has also helped to enhance industrial planning and coherence. Trade was facilitated by institutionalizing incentives in priority export oriented sectors and by allowing exporters to source raw materials more efficiently and competitively.

In December 2014, the national secretariat for Ethiopia's Extractive Industries Transparency Initiative (EITI) brought together national stakeholders for a training conference to familiarize them on the EITI process.

Ethiopia's candidacy was accepted by the EITI in 2014 and the country is working on the compliance process to meet the EITI Standard and become a member by 2017. Ethiopia earned \$540.5 million in 2014 from the export of gold, tantalum and gemstones. However, the contribution of the mining industry to the GDP remains below 2 percent. UNDP is working with the Government of Ethiopia on a two-year programme costing over half a million US dollars, to promote inclusive growth through strengthening accountability and transparency in the extractive sector. This initiative, which falls under UNDP Ethiopia's Democratic Governance & Capacity Development intervention, complements UNDP's global work around the extractive sector, which focuses on sustainable and equitable management of this sector to promote human development.



Boosting the Tourism sector

Ethiopia has immense potential to boost its tourism sector and is home to nine UNESCO World Heritage Sites – the highest number of sites in Africa. Ethiopia also boasts unspoilt landscapes, and distinctive wildlife, with 320 mammal species, 36 of these being endemic. The country's Growth and Transformation Plan reflects this huge potential and sets ambitious targets for the tourism sector, including a doubling in tourism arrivals from about 500,000 currently to 1 million; and a twelve-fold increase in tourists' expenditures, from \$250 million in 2010 to \$3 billion by 2015. Ethiopia's Growth and Transformation Plan reflects the huge potential of the sector and sets ambitious targets, including a doubling in tourist arrivals from about 500,000 currently to 1 million by 2015; and a twelve-fold increase in tourists' expenditures – from \$250 million in 2010 to \$3 billion by 2015.

In 2014, UNDP supported the establishment of the Ethiopian Tourism Organisation (ETO), providing the new entity with strategic advisory service for its leadership, a fully functional office premises and short-term operational staff, specifically in the areas of human resources, finance and procurement. Through the support of UNDP, the ETO undertook a study to assess the performance of the tourism sector, as well as reviewing the policy, institutional, and regulatory challenges that hinder the competitiveness of Ethiopia's tourism sector. Ethiopia's tourism potential was also assessed to identify areas for ETO's intervention strengthening destination development, tourism marketing and promoting public and private sector investment.



Support to the Private Sector

Ethiopia follows a strong state-led development model that underpins its five year national Growth and Transformation Plan. To sustain sound growth prospects and unleash the potential of the private sector, the Government has prioritized support for micro, small and medium enterprises in its overall private sector development strategy.

In a bid to help Ethiopia to fully connect to the energies of the private sector, UNDP has scaled up the implementation of the Entrepreneurship Development Programme (EDP), which was launched in 2013. The EDP was developed by UNDP in partnership with the Ministry of Urban Development, Housing and Construction (MoUDC) and is implemented by the Entrepreneurship Development Centre (EDC) and the MoUDC's Federal Micro and Small Enterprise Agency. In 2014, EDC opened offices in four regions in the country.

Over the review period, the EDP attracted partners such as Canada which has come on board to help enhance support for female entrepreneurs. UNDP also signed an agreement with Microsoft East Africa to provide training, mentorship services and access to tools for 200,000 Ethiopian entrepreneurs.

Through the EDP, over 10,000 existing and emerging entrepreneurs from across the country have so far received intensive training, while 798 start-ups and 964 existing businesses were provided with business support services. In addition, Centers of Excellence in Entrepreneurship were established in four public universities to support entrepreneurship training for university students.

In August 2014, UNDP Ethiopia announced the appointment of Bethlehem Tilahun as its Goodwill Ambassador for Entrepreneurship. Bethlehem is the founder and managing director of the globally recognized and feted eco-friendly Sole Rebels shoe company. She was selected by UNDP Ethiopia in recognition of the inspirational role she plays for budding entrepreneurs in the country.

In a special message read at the event, Ethiopian First Lady Roman Tesfaye reflected that, "Empowering Ethiopians, especially women and girls, is an issue close to my heart. And there is no one better to serve as a role model for them than Bethlehem."



Business Advisory Service (BDS) support provided by the EDC, Selome and her partners have set up an urban mushroom farm in Addis Ababa.

Selome has also gone on to launch a second line of business, an online based grocery delivery service, that has won her the EDC Start-Up Entrepreneur of the Year award, and cash prize of \$5,000 sponsored by Tivoli Trading, a local business company. The award is part of the inaugural annual UNDP entrepreneurship award launched in 2014 with the award ceremony held in March 2015 in the presence of Ethiopian Prime Minister Hailemariam Desalegn.

Looking back at the hours spent swapping stories on Facebook five years ago, Solome Mekonnen (far left) had no idea that her new online friend, Almaz Tegene, would end up being her business partner.

Solome is part of a new breed of Ethiopian entrepreneurs who are being supported through the UNDP/Government of Ethiopia managed Entrepreneurship Development Programme (EDP).

Following an intensive entrepreneurship training workshop and subsequent



Development Financing

The Federal Government collected Birr 72 billion in revenue in the first half of 2014/15 (96 percent from domestic sources and the balance from external grant). This accounts for 56.6 percent of the annual budget.

Total expenditure was Birr 79 billion. 20 percent went to recurrent expenditure and 34 percent to capital expenditures and 46 percent was regional transfers.

Total Official Development Assistance to Ethiopia in 2013 was \$3.9 billion (gross disbursements).

4

UNDP's Partnership, Resource Mobilisation and Programme Expenditures

The UNDP Ethiopia Country Office continues to expand its partnership with key development partners. In 2014, UNDP Ethiopia received contributions amounting to over US \$20 million from 17 donors (compared to US \$19.8 m in 2012 and US \$22.1 m in 2013).



Canada remains UNDP Ethiopia's largest partner with a contribution of \$ 6.71 million in 2014, accounting for 33 percent of the total 2014 contributions. The Canadian funds mainly go towards private sector development (Entrepreneurship Development Programme) and the Agricultural Growth Programme (AGP).

In 2014, the Global Environment Facility (GEF) became UNDP's second largest donor with a contribution of \$ 6.49 million, accounting for 32.35 percent of total contribution for 2014. The Government of Ethiopia has selected UNDP as its preferred partner for the GEF 6 programming period. This will further strengthen the strong GEF-UNDP partnership in the coming years.

In 2014, UNDP Ethiopia further strengthened its partnership with philanthropic foundations. The Bill and Melinda Gates Foundation (BMGF) is now the third donor for UNDP Ethiopia, with a contribution of \$ 2.62 million accounting for 13.05 percent of total contribution for 2014. The BMGF contribution

also constitutes 33 percent of UNDP's resources for the AGP.

Norway, with a contribution of \$ 1.33 million, and Japan, with a contribution of \$0.53 million complete the top 5 ranking of UNDP Ethiopia's donors in 2014. These five donors make up 88 percent of the contributions received by UNDP Ethiopia in 2014.

UNDP has also developed new partnerships with non-traditional donors such as Israel/Mashav as well as with private sector actors, in particular the Microsoft East Africa Corporation partnership on Entrepreneurship Development Programme, and with Coca-Cola on Disaster Risk Management.

The bulk of the 2014 non-core funding went to the Economic Growth and Poverty Reduction Unit (\$ 9.3 million) and the Climate Resilience Green Growth Unit (\$ 7.97 million), followed by smaller contributions to the Democratic Governance and Capacity Development Unit (\$ 1 million), the Resident Coordinator's Office (\$ 1 million), and the DAG Pooled fund (\$ 0.5 million).

The relatively lower contribution mobilized for the Democratic Governance and Capacity Development Unit is linked to the end of UNDP's flagship Democratic Institutions Programme (DIP) in 2013, and the absence of a large new multi-donor programme on governance. The DIP flagship programme accounted for more than half of the resources mobilized and corresponding delivery in past reporting cycles.

The Global Environmental Fund will continue to be a major donor in the coming years, with a confirmed contribution to UNDP of \$ 23.34 million under the GEF 6 period,

and a further \$ 12 million of GEF projects in the soft pipeline for the period between 2015-2020.

UNDP Ethiopia's resource mobilization efforts in 2015-2017 do not only target existing programme areas, such as disaster risk management, local governance and agricultural development, but also tap into promising new avenues including governance capacity development in extractive industries, support to the forestry sector, national logistics, and an Innovative Investment Facility.

Resource mobilized per unit

Units	Donors	USD
Resident Coordinator's Office	Norway	
	Sweden	1,092,925.14
	UN Agencies	
PAU/DAG Secretariat	DFID	
	European Commission	
	GIZ	
	Ireland	630,446.43
	Netherlands	
	Norway	
	USAID	
	World Bank	

Units	Donors	USD
Democratic Governance and Capacity Building	Austria	
	France	1,082,523.70
	Japan	
Economic Growth and Poverty Reduction	BMG Foundation	
	Canada	9,326,364.00
Climate Resilient Green Growth	European Commission	
	Global Environmental Fund	7,972,179.72
	Norway	
	UNOCHA/CERF	

Enhancing Financial Accounting

UNDP's Partnership and Management Support Unit (PMSU) utilised USD 10,000 from the country office's Innovation for Development initiative to provide training on pilot Peachtree cloud accounting for government counterparts responsible for implementing UNDP supported programmes. The public sector workers were drawn from the bureaus of finance and economic development in Afar, Somali, SNNPR and Oromia regions as well as federal institutions such as MoFED and Ministry of Environment and Forest. A second round of training is scheduled for 2015.

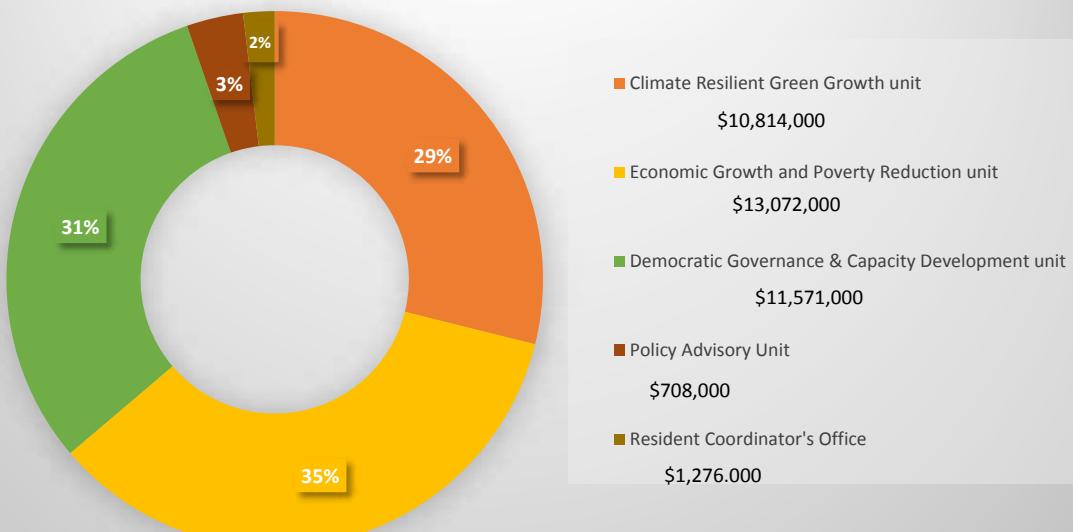
The decision to migrate to an online system came about following an exercise by UNDP to analyze bottlenecks in the implementation of programmes particularly in relation to financial management and timely reporting.

The move to cloud accounting is expected to address the most recurring challenges faced by national partners in the area of financial management. It does this by allowing UNDP to provide troubleshooting support in real time and through a more simplified process.

UNDP's PMSU also estimates that it would see a 40 percent decrease in the time spent by its staff on project finance management. The simplification of the financial management transaction process, that allows for online identification and addressing of bottlenecks, also means that UNDP and implementing partners now have more time to focus on monitoring programme results.

Project Delivery Expenditure in 2014 (in percentage)

Total project expenditure- \$37,441,000



Contributing donors;

- * Austria, Denmark, France, Japan, MPTF, Norway, Sweden
- * BMGF, Canada, Denmark, Spain
- * African Union, GEF, Japan, MPTF, Norway, UNOCHA
- * Norway, Sweden, UN Agencies
- * Austria, Australia AFDB, Canada, DFID, EU, GIZ, Finland, France, Ireland, Italy, Japan, Netherlands, Norway, Spain, Sweden, USAID, World Bank



Ethiopia's action against illegal ivory trade

In February 2014, Ethiopian Foreign Minister Dr. Tedros Adhanom joined African Heads of State and officials from around 50 countries for a high level global summit on Illegal wildlife trade in London where he announced Ethiopia's intentions to destroy the national ivory stocks in the near future.

In early March 2015, Ethiopia torched 6.1 tons of confiscated ivory during a ceremonial event led by Deputy Prime Minister Demeke Mekonnen.

A Partner of Choice



Our strategic interventions support Ethiopia's development agenda to become a middle income green economy by 2025

Ethiopia Quick Facts:

10.3% 2013/2014 Economic Growth Rate

Population
87 million

Economic Growth & Poverty Reduction

Custom training for start-up & existing entrepreneurs + Business Advisory Services = **100** successful Entrepreneurship Training Workshops in one year at the flagship



Entrepreneurship Development Center



Bethlehem Tilahun

global entrepreneurship icon & UNDP Ethiopia's Goodwill Ambassador

enriching local youth & women innovation & entrepreneurship

Agricultural Growth & Transformation

 **1.3 million** smallholder farmers have adopted agricultural technologies for improved productivity

 Contributing towards industrial transformation



Ethiopian Commodity Exchange & National Coffee Platform



Private Sector Development

Enhancing tourism sector growth

transforming farmers' livelihoods & refurbishing the trade sector

Today, our key areas of focus include:



Democratic Governance & Capacity Development

Climate Resilient Green Growth

 Economic Growth & Poverty Reduction

Climate Resilient Green Growth

Risk Management

Building community capacities to Integrate indigenous knowledge with scientific techniques against climate shocks

Promoting Autonomous Adaptation



Biodiversity & Wildlife Marketing Strategies



Support Benishangul-Gumuz regional state in creation of Yaso & Begimiz parks

Mainstreaming Agro-biodiversity

Disaster Risk Management

Spearheading conservation of farmers' varieties of teff, durum wheat, enset & coffee

Disaster Risk Management Strategic Programme & Investment Framework



now developed



Enhancing innovation & transfer of green technologies

to counter adverse climate change impacts & promote sustainable development

Sustainable Development of Protected Areas

 Demarcation of Alledeghi Wildlife Reserve

Boosting climate information & Early Warning Systems

Support professionalization & preparedness of national Disaster Risk Management taskforce

Strengthening sustainable renewable energy access & utilization within institutions & rural households



A Partner of Choice



Empowered lives.
Resilient nations.



Facilitating local
communities' involvement
in development planning
processes

Governance & Capacity Development

**Bolstering
transparency,
accountability &
good governance**

Strengthening
**gender
mainstreaming**

In federal,
regional & district-
level public
institutions

21

Government sectors
addressing gender
gaps in their
administration



Improving local
governance systems
livelihoods of vulnerable
populations in

**developing regional
states**



Building capacities for
steadfast

leadership

Reinforcing national &
local capacities for pro-
active

**conflict prevention
peacebuilding & peace
architectures**



Supporting the
implementation of
Ethiopia's

**Civil Service
Reform**
agenda

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strategic studies

with
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including the
national

**Growth & Transformation
Plan (GTP)**

Conduct
regular
policy forums

serving as
platforms for
stakeholder idea
exchanges on
sustainable
development

Interface UNDP
programme units;
project
**conceptualization &
implementation**



Provide
policy advice
to Government & United
Nations Country Team
(UNCT)

Support study in
progress to advance

**national
logistics**

efficiencies

**Knowledge
Management,
Advocacy &
Dissemination**

Engage in
**policy
dialogues**

with Government,
private sector & non-
governmental
organizations

Millennium
Development Goals
(MDGs)

Post 2015
Development Agenda

United Nations
Development Assistance
Framework (UNDAF)

UNDP Ethiopia Team

We remain committed to our strategic
interventions for Ethiopia which aim at
accelerating sustainable growth and human
development

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