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UNITED NATIONS DEVELOPMENT PROGRAMME IN ETHIOPIA

# Annual Report

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# Acronyms

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<b>AGP</b>	Agriculture Growth Programme
<b>AMP</b>	Aid Management Platform
<b>ATA</b>	Agricultural Transformation Agency
<b>AUC</b>	African Union Commission
<b>CDM</b>	Clean Development Mechanism
<b>COP18</b>	International Conference on the United Nations Framework on Climate Change
<b>CRGE</b>	Climate Resilient Green Growth
<b>DAG</b>	Development Assistance Group
<b>DAO</b>	Delivering As One
<b>DRM</b>	Disaster Risk Management
<b>DRMFSS</b>	Disaster Risk Management and Food Security Sector
<b>DRR</b>	Disaster Risk Reduction
<b>DRS</b>	Developing Regional States
<b>ECA</b>	Economic Commission for Africa
<b>EDC</b>	Entrepreneurship Development Centre
<b>EDP</b>	Entrepreneurship Development Programme
<b>EFY</b>	Ethiopian Fiscal Year
<b>EWS</b>	Early Warning System
<b>FEACC</b>	Federal Ethics and Anti-corruption Commission
<b>FSP</b>	Financial Service Providers

<b>GDP</b>	Gross Domestic Products
<b>GEF</b>	Global Environment Forum
<b>GTP</b>	Growth and Transformation Plan
<b>HDI</b>	Human Development Index
<b>HICE</b>	Household Income, Consumptions and Expenditure Survey
<b>HoPR</b>	House of Peoples' Representatives
<b>LED</b>	Local Economic Development
<b>LIDI</b>	Ethiopia Leather Industry Institute
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDG</b>	Millennium Development Goals
<b>MEF</b>	Ministry of Environment & Forest
<b>MoFED</b>	Ministry of Finance and Economic Development
<b>MPTF</b>	Multi-Partner Trust Fund
<b>NCP</b>	National Coffee Platform
<b>NEBE</b>	National Electoral Board of Ethiopia
<b>NSDS</b>	National Strategy for the Development of Statistics
<b>RAULOE</b>	Representation to the African Union and Liaison Office to UNECA
<b>SPIF</b>	Strategic Programme and Investment Framework
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDAF</b>	United Nations Development Assistance Framework
<b>UNDP</b>	United Nations Development Programme



# Results

**Innovation**

**Partnerships**

UNITED NATIONS DEVELOPMENT PROGRAMME IN ETHIOPIA

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# 500 WOMEN AND YOUNG GIRLS

Entrepreneurship Development Centre (EDC)  
Supported by the Government of Ethiopia



Photo Courtesy CAWEE





# 1

## *Message from the Resident Representative*

I am happy to share with you the 2013 annual report for the United Nations Development Programme (UNDP) in Ethiopia. With the approach of the MDG deadline clearly visible in the horizon, 2013 has been a very busy year for us here at UNDP as we continued to scale up our support for Ethiopia.

UNDP has continued to partner with the Government of Ethiopia and other stakeholders to accelerate progress towards the achievement of the MDGs and the priority targets in Ethiopia's Growth and Transformation Plan (GTP).

Ethiopia is one of the fastest growing economies in Africa and at the same time one of the 'fastest movers of human development' globally, underpinned by a proactive developmental state, robust investments in infrastructure and social service delivery.

Ethiopia has set itself a bold and creative agenda to propel the country to middle income carbon neutral economy by 2025, and here at UNDP Ethiopia Innovation, Partnership and Results have continued to drive our intervention areas of Economic Growth and Poverty Reduction, Climate Resilient Green Growth, and Democratic Governance and Capacity Development.

2013 proved to be a year of strong progress for UNDP-supported initiatives that are in line with Ethiopia's priority areas. One leading priority area is to unleash the full potential of Ethiopia's still fledgling private sector and UNDP has taken the lead to support the government to set up a national Entrepreneurship Development Programme (EDP) and an Entrepreneurship Development Centre to manage the programme.



Photo Courtesy Yonas Getachew

.....Over the review period, we would not have been able to deliver on our development results without the strong partnership of the Government of Ethiopia, Development Partners, UN Systems, Civil Society and the Private Sector.

We also reached new milestones across our programme portfolio and scaled up our strategic partnerships particularly in support of South-South Cooperation. 2013 also witnessed the first graduates of the Institute of Leadership and Good Governance (ILG), which we are supporting in partnership with Government of France as a strategic intervention to enhance public sector capacity in Ethiopia.

As we move into 2014 Ethiopia is poised to finalise preparations towards a number of initiatives due to come on stream in 2015, most notably the successor to the GTP and national elections.

Here at UNDP Ethiopia we are committed to build on the lessons and gains made in 2013 to support these two critical national endeavors, and 2014 will also see our Country Office enhance our footprint at the subnational level and mainstream innovations into all aspects of our work.

Over the review period, we would not have been able to deliver on our development results without the strong partnership of the Government of Ethiopia, Development Partners, UN Systems, Civil Society and the Private Sector.

**Eugene Owusu**

UNDP Resident Representative  
UN Resident Coordinator &  
UN Humanitarian Coordinator



# Gross Domestic Product

- Ethiopia's GDP is \$ 47 Billion by end of 2012/13, the economy has been growing by 10.9% on average in the past decade, and growth is estimated to be 11.2 percent for 2013/14.
- Agriculture accounted for 43% of GDP in 2013 in contrast to 51% share in 2007. The sector generates over 70% export values and employs 85% of the population
- The share of the service sector has been increasing in the past decade and reached 45% in 2013 from 39.8% in 2007 Industry's share remains low at around 12%

Photo Courtesy: Yonas Getachew

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# *Ethiopia at a Glance*

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Ethiopia is among the fastest growing economies in the world and has maintained an average GDP growth rate of 11 percent in the last ten years. In 2012/13 fiscal year the economy grew by 9.7 percent, which is higher than the sub-Saharan Africa's average GDP growth rate of 4 percent.

The country's growth registered in 2012/13 was broad-based with key sectors of the economy such as agriculture growing by 7.1 percent, industry by 18.5 percent and services sector by 9.9 percent respectively. This growth momentum is expected to continue in 2013/14 and 2014/15, though at a slower pace.

Whereas its share of GDP has been declining steadily in the past decade, agriculture continues to be the backbone of the Ethiopian economy contributing 42.9 percent to GDP, and accounting for about 80 percent of employment and 70 percent of export earnings in 2012/13. The services sector has also been expanding, buoyed by an expansion in wholesale and retail trade (34.4 percent); transport and communications (17.1 percent); and hotels and tourism (15.4 percent).

The Government of Ethiopia is also credited for maintaining a favourable macro-economic policy environment. In 2012/13, it pursued prudent fiscal and tight monetary policies and the combined effect brought down annual inflation to single digits at 7.4 percent. Fiscal policy has focused on



Photo Courtesy Yonas Getachew





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 2012/13, tax revenue increased by 24.8 percent of GDP to reach 12.5 percent. Improved domestic revenue collection enabled the government to finance 81 percent of its expenditure from domestic sources. The surge in public sector external borrowing from non-Paris-club and commercial banks to fund the Growth and Transformation Plan (GTP) flagship projects has led to increasing public debt and a risk of debt distress if the situation remains unchecked.

The external sector continues to experience mixed performance. In 2012/13, the value of merchandise exports totaled US \$3.1 billion thereby posting a 2.5 percent decline from the previous fiscal year. As a share of GDP, exports declined from 7.5 percent in 2011/12 to 6.6 percent in 2012/13. The value of imports marginally increased to US\$11.5 billion in 2012/13 from US\$11.1 billion the previous year, posting an annual increase of 3.7 percent. The trade balance further deteriorated in absolute terms to US\$8.4 billion (18.5 percent of GDP) in 2012/13, from US\$7.9 billion in 2011/12.

Moving forward, the economy could benefit from further structural reforms in order to help the country attain its vision of becoming a middle income country by 2025. The government must also address downside risks associated with the growing external debt; low levels of domestic savings and financial intermediation; export competitiveness; and poverty severity, which increased

from 2.7 percent to 3.1 percent between 2005 and 2011.

## Socio-Political Changes

The economic and political stability experienced over the last decade has translated to commendable progress in poverty reduction and human development. Poverty incidence is estimated to have declined from 39 percent in 2005 to 26 percent in 2013, while the Human Development Index (HDI) improved from 0.275 in 2000 to 0.396 in 2012, posting an annual average growth rate of 3.1 percent.

According to the recent progress report on the Millennium Development Goals (MDGs) for Ethiopia (2012), the country is on track to achieve six of the eight MDGs by the 2015 deadline. Ethiopia has managed to reduce child mortality by more than 60 percent since the 1990s: in 2013 it counted among a few countries that have met MDG 4 two years ahead of deadline. 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. 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 the growing income inequality and guaranteeing the inclusivity of economic growth.

Ethiopia's sound economic gain is attributed to ten years of broadly uninterrupted peace and

stability. This could be further entrenched by strengthening democratic governance, rule of law and the administration of justice. The government, with the support of development partners, is investing resources to strengthen the capacity of the institutions of governance and has demonstrated strong commitment to consolidate and build on the gains for a prosperous future.

## Official Development Assistance

In 2012, official development assistance disbursed to Ethiopia was US\$3.3 billion, a decrease of 6percent compared to 2011. Grants decreased by 11percent while concessional (soft) loans increased by 18percent to make up 23percent of total ODA to Ethiopia. While the overall volume of aid remains significant, Ethiopia's aid per capita of US\$36 remains below the sub-Saharan average of US\$49 per capita.

Based on more recent government sources, in 2012/13, on-budget aid, or aid recorded in the Government budget presented to the House of Peoples' Representatives, was US\$2.6 billion in Ethiopian Fiscal Year (EFY) 2005 (July 2012-June 2013). This is an important accountability feature as it is the development assistance over which Government has a clear purview and must show accountability to its citizens.

Investments in health and population policies account for close to one-quarter (23percent) of total development assistance, followed by humanitarian assistance (15percent). Economic infrastructure (13percent); multi-sector aid (11percent); education (8percent); developmental food aid (8percent); agriculture (5percent); other social infrastructure (5percent); water and sanitation (5percent); government and civil society (4percent); and other (4percent) round out the remaining sectoral distribution.

Over 30 active development partners operate in Ethiopia and include bilateral and multilateral partners as well as providers of south-south and triangular cooperation. Based on average disbursements in 2011 and 2012, the largest donor is the World Bank (IDA) – US\$734 million, followed closely by the United States – US\$720 million; United Kingdom (DFID) – US\$487 million; EU institutions – US\$226 million; and the African Development Bank – US\$167 million. Including both core and non-core resources, five UN agencies (WFP, UNICEF, IFAD, UNDP and UNFPA) together disbursed an average of US\$603 million in 2011 and 2012, positioning the UN system among the largest providers of development assistance in Ethiopia.

Although their development finance to Ethiopia is not reported to the OECD-DAC, according to the Ministry of Finance and Economic Development (MOFED), China provided US\$152 million, India provided US\$27 million, and Saudi Arabia US\$460,000 in EFY 2005 (July 2012-June 2013).



# Social Development Highlights

- Headcount poverty is estimated to have declined to 27.8% (2012), from 45.5%, in 1996. Ethiopia is one of the top movers of human development in recent years (HDR 2013). poverty headcount has further declined to 26% in 2012/13 (GTP, APR 2014)
- Low Human Development ranking: 173rd out of 187 countries (UNDP's HDR 2013)
- Ethiopia was declared to have achieved MDG4 (Reducing child mortality) in 2013. Six of the MDGs in Ethiopia are well on track to be achieved by 2015;
- Life expectancy at birth is 59.7years
- Adult literacy rate (2012/13) was 39%
- Urban unemployment (2013) stands at 16.5%
- Percentage of population with access to safe water is 58.3% (2011/12)

# How We Work in Ethiopia

## 3

### Coordination

UNDP Ethiopia is committed to developing fresh partnerships and revitalizing existing ones to best support Ethiopia's journey to become a middle-income and climate resilient economy by 2025. This includes working with Government, development partners, NGOs, philanthropic foundations, and other UN agencies

**Coordinating the UN:** UNDP is the global manager of the Resident Coordinator System and therefore also hosts the Resident Coordinator's Office in Ethiopia. Responsible for coordinating activities of the 26 agencies, funds and programmes which are resident in Ethiopia, the Resident Coordinator's Office supports UN-wide efforts in the country to deliver results more effectively, coherently, and efficiently.

Ethiopia is recognized as a self-starter country in the Delivering as One agenda. With strong commitment of the Government, the United Nations Country Team has agreed on five key principles for Delivering as One: One Programme; One Budgetary Framework and Fund; One Leader; One Operations/Office; and One Voice.

UNDP is an active contributor to each of these five principles and during 2013, UNDP co-chaired the Inter-Agency Programming Team, tasked with supporting joined-up planning and programme implementation. It also chaired and successfully steered the activities of United Nations Communication Group (UNCG), which works to increase the visibility of the UN's development operations within Ethiopia. In 2013 the UNCG stepped up its engagement with the media and conducted a media mapping exercise, undertook a Media Perception Survey of the UN, launched a UN Media Forum and introduced the first UN Media Award.

As part of its efforts to deliver results together, the UN runs three Flagship joint Programmes. The agencies involved bring to these programmes their individual expertise, which greatly enhances the programmes' value. The Flagship Joint Programmes focus on areas where the country is lagging behind on meeting the MDGs: maternal health, gender equality, and equitable development in the four developing regional states. UNDP is an active contributor to the joint programmes on gender equality and in the four

Photo Courtesy MOA/Belete Bantero







In 2013, UNDP Ethiopia supported the finalization and validation of the MDG Acceleration Framework Action Plan to help the Government advance efforts to reduce maternal mortality.

**Support to Donor Coordination:** As host of the 27-member Development Assistance Group (DAG) secretariat, UNDP facilitates the coordination of development partners and strengthens their harmonization and alignment to government priorities. It does so in part by applying the aid and development effectiveness principles articulated in the Rome, Paris, Accra and Busan declarations to improve the quality of aid. In 2013, part of UNDP's support was to work together with the Ministry of Finance to conduct the post-Busan monitoring through the collection of data from various stakeholders on aid predictability, aid on budget, mutual accountability, gender equality and use of country systems.

**Capacity building:** The work of the UNDP in Ethiopia is enshrined in three key priority areas including climate-change, good governance and poverty alleviation; all efficiently executed through its solid weave of committed staff.

With capacity building at the centre of UNDP Ethiopia's support to the Government of Ethiopia, institutions acquire essential capacities that revitalize day-to-day services delivered to the general public. Some of these services include access to economic, youth and gender empowerment opportunities.

**Knowledge hub:** Creating and disseminating knowledge is another fundamental component of UNDP Ethiopia's work. Several of the knowledge products produced in 2013 provide policy and analytic insights for policy formulation and implementation and knowledge products have been produced in such areas as in civil society engagement, demining action, good governance and climate change adaptation. UNDP Ethiopia also organized 11 Policy Forums and this trend has continued strongly into 2014. National consultations, workshops and trainings have been facilitated to sustain dialogue between stakeholders. Such dialogues have acted as platforms for compiling lessons learned through which ways forward are crafted in a manner that suits all, and is applicable for all.

**United Nations Volunteers (UNV):** UNDP also oversees the activities of the UNV in Ethiopia and helps facilitate placements in key government and UN offices committed UNVs both national and international.

# 4

## *Towards Building Resilience and Supporting Transformation in Ethiopia*

UNDP's support to Ethiopia focuses on enhancing transformation and building resilience through strengthening local institutions to promote good governance, inclusive economic growth, disaster risk management and tackling climate change impacts.

Photo Courtesy Yonas Getachew





## Promoting a Climate Resilient Green Economy

### Development Agenda

Ethiopia is highly vulnerable to climate change and has experienced different hazards and corresponding disasters in the past decades at various times and in varying degrees and magnitude. Climate change and variability induced hydro-meteorological hazards; drought and flood have in particular remained the leading cause of disaster and human suffering in Ethiopia.

Those sectors most affected are agriculture, water supply, hydropower production, physical, economic and social infrastructure, health and biodiversity, with stronger secondary downstream impact on all sectors of the economy and all parts of society.

Climate adaptation is an imperative for Ethiopia as preliminary projections suggest that climate change can have a significant on the economy, in the order of 7-8percent loss in GDP, with greater impacts anticipated in later decades and on the poorer segments of society.

Ethiopia has made significant progress toward resilience building and green economic growth, primarily through well-established policy and institutional arrangements, enabled by clear political will. Ethiopia has taken a bold policy move to accelerate its development, while enhancing resilience and minimizing its carbon footprint. This policy shift has been spelt out in the Disaster Risk Management (DRM) policy and DRM Strategic Programme Implementation Framework (SPIF) and Climate Resilient Green Economy (CRGE) Vision statement, and the recent establishment of the Ministry of Environment & Forest (MEF) and the National CRGE Facility.

**L**ike many African countries, evidence suggests that climate change will continue impacting Ethiopia...[Ethiopia's strategy depends] on the full exploitation of our renewable energy resources, rehabilitation of our environment, [and] leapfrogging technology

H.E. Minister Alemayehu Tegenu, Ministry of Water, Irrigation and Energy  
speaking at the launch of a climate information and early warning systems project





# International Trade

- Ethiopia generated \$1.8 billion from exports of goods in the first eight months of 2013/14, this was 5% lower compared previous year's eight months performance
- Major exports are: oil seeds (19.7%), coffee (16.4%), and gold (14.7%), chat (10.1%), pulses (8.6%) live animals (6.7%) and cut flower (6.6%)
- Total import bill was \$8.8 billion in the first eight months of 2013/14 showing 13.7 % increase compared to the first eight months of 2012/13.
- Major imports are capital goods (31%), consumer goods 30% (of which 19.5% is non-durables), fuel 18.5%) and semi-finished goods 15.5%
- Major Ethiopian export destinations were Asia and Europe, mainly china and Switzerland.
- Most of the country's import originated from Asia, mainly china.

Photo Courtesy Yonas Getachew



In addition to establishing the CRGE Facility, the Ministry of Finance and Economic Development (MoFED) has led in capacity development and training for CRGE implementation at sub-national levels. The areas of interventions include, mainstreaming of CRGE at macro level development plans and programmes, development of climate resilient strategies at sub-national and district levels, and capacity needs assessment of key ministries (Agriculture, Industry and Ministry of Finance and Economic Development) to mainstream and implement CRGE strategy in their respective sectors. The CRGE mainstreaming tools developed with the support of UNDP are fundamental tools in adequately incorporating the climate change agenda at the planning stage and also for subsequent monitoring and evaluation.

## UNDP's Support to the Climate Resilient Green Growth Agenda

UNDP is supporting the Government's efforts through focused interventions that enhance resilience and promote green development and implementation of Ethiopia's GTP and Climate Resilient Green Economy (CRGE) Strategy.

A proactive move away from the risk of a carbon-locked economy has been strongly promoted in order to enhance resilience to the impact of climate change. The policy level interventions by UNDP centres around three key pillars: a) strengthening national policy, strategy and planning processes; b) supporting institutional development and capacity building; and c) supporting

resilience building through Disaster risk reduction, conservation and sound management of natural capital.

**a) Strengthening National Policy, Strategy and Planning:** UNDP continued to work closely with the Disaster Risk Management and Food Security Sector (DRMFSS) and other agencies to advocate for the approval of the DRM policy, which is a milestone for the country in the field of Disaster Risk Management Initiatives. Substantial contribution has also been made to the finalization of the DRM Strategic Programme Implementation Framework (SPIF), a national action plan on DRM to be implemented at various levels.

UNDP also led in providing strategic and technical assistance for the development of an enabling policy and institutional framework for in situ conservation of agro-biodiversity. Support was provided to the development of the first five-year wildlife marketing strategy and yearly action plans, which will contribute to the growth of eco-tourism in the country. The existing wildlife policy has been updated and new legislation has also been drafted. With UNDP's assistance the government formulated a sustainable financing mechanism for the conservation and development of protected areas through the creation of trust fund, and designed a national agro-biodiversity marketing strategy.

**b) Supporting Institutional Development and Capacity Building:**

UNDP has continued to support the CRGE Facility, established in late 2012, and provided advisory support to finalise the facility's operational manual. Technical and financial support was also provided to facilitate broad stakeholder consultations and engagement in order to enable the facility to contribute to the formulation of the CRGE framework, enhancing means of implementation, finance and technology, and developing institutions for coordinating the implementation of CRGE measures.

UNDP also continued to support and strengthen the capacity of the African Centre for Disaster Risk Management (ACDRM) and the Ethiopian Emergency Coordination Centre (EEC). In collaboration with ACDRM, a pilot Community Based Disaster Resilience Assessment was conducted, which aimed to identify existing community resilience to various disasters, and the coping mechanisms which will inform policy decisions at the zonal and federal level; this is expected to inform the policy decisions for mainstreaming community disaster preparedness and resilience into ongoing development initiatives at various levels.

**C) Support to Resilience Building through DRR, and Conservation and Sound Management of Natural Capital:**

UNDP's CRGE project has also supported the Ethiopian government's efforts to mainstream and implement the CRGE strategy in key sectors mainly on water and energy, agriculture and industry.

UNDP continued to implement a multi-donor and multi-year Disaster Risk Management and Livelihood Recovery Programme (DRR/LR) in the most hazard prone regions of the country in partnership with the DRMFS. The programme continued to enhance institutional capacity to lead cost-effective, systematic and sustainable actions for risk reduction measures against various natural disasters affecting the country. The programme also supported the building of national capacities to protect the lives, livelihoods and property of vulnerable population.



Photo Courtesy Yonas Getachew

The main engagement areas at community level include;

- Restoration of livelihood and improved food security through cash for work, as well as community based livelihood support for the most disaster affected communities in selected regions in the country;
- Improved access to food, water and basic veterinary services through enhancement of the physical, human and social assets aiming towards longer-term development;
- Development of Community Based Disaster Risk Management (CBDRM) planning and implementation at community/district levels to ensure effective disaster preparedness;
- Assistance in Climate change vulnerability identification, prioritization of local level Climate Change adaptation measures and investment plan preparation; and
- Support in the formulation of a strategy to build the adaptive capacity of the country to conserve agro-biodiversity in the face of changing climate.



## **Key results in UNDP supported areas of intervention**

- An enabling policy and institutional framework for agro-biodiversity conservation was created following the support provided by UNDP for Ethiopia to update five national policies including the relevant institutional framework and mandates.
- A new trust fund to act as sustainable financing mechanism and help with national efforts for the conservation and development of protected areas has been established with the assistance of UNDP.
- With UNDP support, Ethiopia established the African Center for Disaster Risk Management (ACDRM), the national Emergency Coordination Center (ECC), and revamped the country's early warning systems.
- Climate Resilient Green Economy (CRGE) units capacitated through UNDP's support are now functional in the Ministry of Finance and Economic Development (MoFED), the Ministry of Water, Irrigation and Energy (MoWIE), the Ministry of Agriculture, the Ministry of Industry (Mol) and the Ministry of Environment and Forest.
- UNDP has provided technical and financial support for the formulation and review of four agro-biodiversity local by-laws; wildlife policy and legislation; wildlife and agro-biodiversity marketing strategies from a green economy development perspective and to enhance Ethiopia's ecotourism sector.
- Biodiversity conservation and climate change mitigation and adaptation in Ethiopia continued to be enhanced through the promotion of eco-tourism in the protected areas and in 2013 UNDP supported Ethiopia to get its Yayu Forest Coffee certified. This move is expected to double the income of over 1,000 local farmers associations and comprising of over 20percent Female Headed Households.
- With UNDP support, MoFED spearheaded the Leadership for Results on Climate Change training which targeted over 200 high level public officials including directors and key experts at federa and subnational levels.
- More than 1,300 experts were supported by UNDP to receive trainings as part of a process to revitalize the country's early warning system. DRMFSS' information management was also strengthened to ensure an effective storage and utilization of all information generated by the DRM system.
- Through UNDP's intervention over 7,360 hectares of bush area was cleared to promote proper rangeland management and improve feed resources for the livestock management.
- 740 households of internally displaced persons (IDPs) in Somali region were supported to return and integrate into their localities with enhanced livelihoods and 201,728 people in Somali and Afar regions also benefited from the 254km water network built with the support of UNDP.





## Ensuring an Inclusive Society

### Development Agenda

Ethiopia has set itself a bold and ambitious development vision to become a middle income country by 2025. In elaborating this vision, the Government of Ethiopia (GoE) has stressed the imperative of democratization and its role in ensuring a rapid, inclusive and sustainable development path.

During the course of 2013, Ethiopia witnessed some transformational processes and events that have positively contributed to the democratization of the country. The national human rights action plan was launched; Ethiopia initiated the Universal Periodic Review; local elections were held; and some senior government officials were arrested for alleged corruption.

### UNDP's Support to the Inclusive Agenda

During the course of 2013, UNDP worked within the framework of the United Nations Development Assistance Framework (UNDAF) to provide support targeted at strengthening the foundations of democracy and enhancing the processes, institutions/structure and mechanisms that facilitate the government's responsiveness and accountability to services delivery and inclusive growth.

**T**he launch of the National Human Rights Action Plan - the first in the history of this country – should for long endure as the defining moment that Ethiopia unequivocally committed not to be judged mere by increasing GDP figures and fantastic progress made in social service provision, but also by the country's commitment to the ethos of human rights, the quality of its citizens and the content of the character and human relations of its people.

UNDP Resident Representative, Eugene Owusu

### **a. Support to Policy Development/Norm Setting**

Guided by common standards established in UN instruments and drawing from UNDP's wide experiences, technical support was provided towards developing consensus on the content of the National Human Rights Action Plan. The Plan is a national and comprehensive response by government to implement the recommendations of the Universal Periodic Review (UPR) and other international human rights instruments.

Through wider coordination with other UN agencies, UNDP advocated for a comprehensive policy/strategy on legal aid. The advocacy has gained traction and the government has initiated a process to develop the strategy. As the process unfolds, further support will be provided to shape the orientation and generate wider consensus on the content of the strategy drawing from international standards and regional experiences (best practice).

Support was also provided to the government to undertake the second round of the UPR. Support to the UPR included knowledge generation and developing wider consensus on the assessment of government's response to the recommendations that emanated from the 1<sup>st</sup> UPR. This resulted in the development of a government report through a consultative process and the parallel report by CSOs.

Actions to combat corruption and improve ethics were strengthened through UNDP's support for the elaboration of legal/policy frameworks and the generation of knowledge on the scope and manifestation of corruption in specific sector. UNDP also facilitated and provided technical support to the process of developing an Ethics and Anti-Corruption Policy. This support was complemented by diagnostic studies in the water sector, which showed that the water sector was vulnerable to corruption like any other sector. The study found that there was prevalence of corruption in the entire working process of the sector, from the designing stage to commencement of the projects, and even to the supply of the services. The outcome of the study is being transformed into an action plan for the sector. The finalisation of the report coincided with the arrest of some public servants working in the water sector for alleged corruption.

### **b. Support to strengthening the Democratic Governance Architecture**

UNDP provided transformational support to some key democratic institutions through the multi-donor Democratic Institutions Programme (DIP) (ended in June 2013) and the ongoing Strengthening Democratic Governance Project to enable them to implement their constitutional mandate of enhancing transparency, accountability, wider participation, rule of law and access to justice. The targeted democratic institutions are (Ethiopian Human Right Commission; House of Peoples' Representative-lower chamber of parliament;



# Gross Domestic Product

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- Agriculture accounted for 43% of GDP in 2013 in contrast to 51% share in 2007. The sector generates over 70% export values and employs 85% of the population
- The share of the service sector has been increasing in the past decade and reached 45% in 2013 from 39.8% in 2007 Industry's share remains low at around 12%

National Electoral Board of Ethiopia; Ethiopia Institute of Ombudsman; House of Federation – upper chamber of parliament; and the Federal Ethics and Anti-corruption Commission).

Through UNDP's support, the Human Rights Commission has built up its capacity to monitor government actions and has made some recommendations which have been implemented by government. For example, improvement in prison conditions has come about as a result of the commission's study on prison facilities and the recommendations from the reports which provided the basis for an increase in the annual budget of these prisons.

Support provided to the Human Rights Commission and the Ethiopian Institute of Ombudsman (EIO) has led to improved access to justice. UNDP's support has facilitated the creation of over 126 legal aid centres across the country. The centres have provided services to 13867 beneficiaries, 50percent of whom are women. Enhanced capacity of the Ombudsman has led to increased access to information and reduction in maladministration. For example from 2007 to 2013 the head office of the EIO received 30,857 cases and resolve 70percent through mediation. As a result of the establishment of an Electronic Case Management supported by UNDP, in 2013 the number of cases received by EIO showed a 300percent increase from the 2012 target it had set for itself. The system has led to real time information on government records and report of complains. By June 2013, 75 federal and regional government institutions had received and responded to an

estimated 15,000 requests for information from the public on government business.

Through UNDP support (policy development, investigation/detection and awareness) to the Federal Ethics and Anti-Corruption Commission (FEACC), the average number of cases investigated and prosecuted in the last four years substantially increased. For example, in 2012 alone, 349 individuals were prosecuted and a guilty verdict passed on 248 of these individuals while in 2013, twelve senior government officials were charged with corruption and removed from office. In 2013 FEACC's prosecution rate reached 67percent, while its rate of conviction averaged 88.7percent of cases received.

Through UNDP support for skill development and accessibility, the frequency and depth of parliamentary oversight on government actions have increased both at federal and regional levels. For example between 2007- 2013 the Regional States Councils and City Councils oversight coverage increased from 30percent to 75percent. In addition, the frequency and depth of oversight on government performance and public funds has improved both at federal and regional levels. Currently, Parliamentary Standing Committees (SC) regularly review and provide critical feedbacks on plans, programmes and reports submitted by the executive organs under their supervision. The improved capacity of the oversight functions of Regional State Councils has led to more timely execution of road, health and school facility developments around the country.



As part of a wider support to women political empowerment, UNDP has continued to support the Federal Parliament; Regional State Councils and City Councils to establish women's forums and strengthen their capacity to enhance female parliamentary contribution to government oversight, representation, and law making. For instance, Oromiya Regional State Council has established a women's forum in all of its woreda/district councils while Amhara, Tigray and SNNPR have also established forums in 75percent of their respective woredas. There are ongoing efforts in the other regional state councils to replicate these initiatives.

UNDP provided support to voter registration (especially women) and enhancing administrative and managerial capacity of the National Election Board of Ethiopia (NEBE) during local elections in 2013. Support to civic education was provided in partnership with CSOs. As a result of this support, voter turnout increased from 27.7percent in 2010 to 43percent in 2013 in the local council elections. Through UNDP support, there has been increased women representation and participation in election administration. During the 2013 local elections 40percent of the officers who facilitated the elections nationwide were women. As a result of DIP support (civic/voter education) to enhance the capacity of stakeholders to understand the voting process and election regulatory framework, the number of invalid votes in the 2013 Local Council Elections for seven regions decreased to 1.8percent compared to 9.5percent in the 2005 election. Looking forward to the 2015 general

elections focus will be on enhancing the administrative and managerial capacity of the National Election Board of Ethiopia (NEBE), the capacity of the NEBE to develop a comprehensive framework for planning and administering free, fair and credible elections; openness and transparency of the electoral process; improved public awareness of the electoral process and of citizens' rights to participate in the management of public affairs; improved electoral dispute resolution and election law enforcement; and improvement in political dialogue and election environment, including electoral media coverage and freedom of press/expression and association.

### **c. Support to improving service delivery**

In an effort to improve policy consistency and strengthening capacity for the improvement of public service, and institutionalizing a culture of accountability and integrity and transparency in Public Service and Administration, UNDP partnered with the government -through the Advanced Leadership programme- to identify existing capacity gaps and training needs of senior government executives at ministerial, ambassadorial and the senior leadership levels at the regional governments. The gaps and needs have been identified and UNDP is in the process of facilitating the provision of relevant training. The training on areas such as agriculture, finance, trade and industry are expected to equip policy makers with cutting-edge expertise and emerging best practices on how to deal with development challenges in an Ethiopian context. Also, support is being provided for long term training to civil





# Prices

- High and rising inflation has been a challenge in 2011 and 2012 but arrested to single digit in 2013. It is again going up and reached 8.8 percent in March, 2014 from 7.4% in June 2013
- Real interest rates remained negative with nominal saving interest rate at 5.4 percent and 8.8 percent inflation.
- Birr continued to depreciate, The Nominal exchange rate of the Birr against USD reached 19.28 by end of March, 2014

Photo Courtesy: Julie Pudlowski



servants through the Institute of Leadership and Good Governance housed at the Civil Service University. Support was provided in developing the curriculum and entrance examination standards. 80percent of the graduates (June 2013 batch) have been integrated in the public service and 50percent hold management positions in the federal and regional government.

In an effort to promote equity and inclusive growth, UNDP has continued to engage with the government to enhance public service delivery in the poorest areas of Ethiopia. These support targets has resulted in improve governance and poverty reduction in these areas. Interventions targeted at improving fiscal distribution from the federal to regional and local authorities, enhancing efficiency of the public service, improving public financial management as well as improvements in tax collection and administration by regional states and local authorities.. UNDP's advocacy and technical support to improved fiscal equalization (grant sharing formula) has resulted in improved public service delivery in poorer parts of Ethiopia. For example, as a result of increase budget allocation access to safe water in the poorest regions (Afar, Benishangul-Gumuz , Gambella and Somali) has increased to 71percent in 2013 from 35percent back in 2005.

The quality of public services has also improved because of the decentralization of the services of some democratic institutions which has resulted in increased access for citizens to justice, information and redress on government actions and the provision of services. For example opening up of branch office (Human Rights Commission) in the regions (Bahir Dar-Amhara; Mekelle-Tigray; Gambella-Gambella, Hawassa- SPNNR; Jijiga-Somali); has contributed to strengthening property rights; as EIO and EHRC are increasingly receiving and mediating matters relating to land ownership and exploitation rights. Also the branch offices of the Ombudsman received a total of 6,091 maladministration complaints and were able to resolve 85 percent.

Support for creating fora for popular participation and contribution to the elaboration of development in poorest areas resulted in the budget (revenue and expenditure) of regional states and local authorities being made public. Participation in the process of identifying priority areas of local development plans has increased by 20percent.

Through the UN Capital Development Fund (UNCDF), UNDP's use of a gender sensitive value chain approach has contributed to building local capacities to promote environmentally sustainable livelihoods. The approach seeks to enable both public and private institutions to combat poverty and increase household income through the upgrading of selected key value chains.

#### **d. Capacity development support for managing for results**

UNDP Ethiopia has also been providing support on Capacity Development for Effective Coordination and Implementation to national and sub-national actors with the objective of enhancing capacity to exercise their legal functions and responsibilities. In 2013, UNDP supported capacity building training for 45 officials and key experts at national, regional and woreda/district levels on results-based management. Currently RBM is being rolled out in various ministers and agencies.

Attention is also being focus on how to improve the capacity of the National Planning Commission established in 2013. The Commission has the primary responsibility to facilitate the development of the country's medium term development plan/strategy.

#### **e. Support to Strengthening the Peace Infrastructure**

In partnership with the Upper House of Parliament (House of Federation), UNDP is helping to improve intergovernmental relations and constitutionalism. Support has also been provided to the Council for Constitutional Inquiry's (CCI) on knowledge management, and a substantial contribution has been made to reduce the case load of the Council through training. From 2007 to 2013, the Council resolved 859 of the 965 cases submitted (98percent) to it.

With a view to building the capacity of Ethiopia in Conflict Prevention and Peacebuilding, UNDP has continued to support capacity development interventions for pro-active conflict mitigation and peace-building by engaging with the Ethiopian Ministry of Federal Affairs to strengthen the national conflict prevention architecture to forge 'a culture of peace'. In this regard, support has been provided to Ethiopia to help it establish and implement conflict early warning mechanisms for thorough conflict analysis, rapid establishment of dialogue mechanism to support religious tolerance by the federal and regional governments, and even communities. Moreover, the coverage of the early warning system has increased, covering 35 conflict prone woreda/districts. Support was also provided to the Inter-Religious Council of Ethiopia to facilitate dialogue and awareness on religious tolerance.



Photo Courtesy: Yonas Getachew





In partnership with the Institute of Security Studies, UNDP is fostering pro-active conflict mitigation and peace-building through the African Centre for Peace and Security Training. The short courses are open to key policy makers (including from Ethiopia) and practitioners from all over Africa and aim to improve practitioners' capacities in making and implementing policies that advance human security across the continent.

Similarly, UNDP has supported the Ministry of National Defense to establish the Ethiopian International Peacekeeping Training Centre (EIPTC) with a view to strengthening the quality and effectiveness of Africa's peacekeeping missions. The EIPTC offers specialized trainings to boost capacities of civilian personnel and regional police forces and to address identified gaps (quantity and quality) in continental peacekeeping operations.

### **Key results in UNDP supported areas of intervention**

- Through UNDP's technical support Ethiopia has developed its first Human Rights Action Plan.
- The responsiveness of government institutions addressing human rights has shown a 30percent increase from the 2011 baseline due to continued support provided in building the capacity of democratic institutions. Access to justice has also increased with 13,867 Ethiopians (50percent women) benefiting in 2013 from 126 legal aid centers around the country.
- Continued support to the Federal Ethics and Anti-corruption Commission as part of the Democratic Institutions Programme has led to favourable performance and financial audit coverage showing an increased from 32percent in 2010 to 97percent in 2013 at the federal and regional level.
- Through the DIP's support, the absorption capacity of local government has improved by 20percent compared to that of the previous budgetary cycle.
- Policy continuity and leadership development has improved due to UNDP's support to the Institute of Leadership and Good Governance (ILG), which in 2013 graduated its first class of 67 students with a Master of Art Degree. 415 ethics officers have gained skills in the implementation of the asset and income registration of public officials.

## Promoting Broad-Based Growth

### Development Agenda

Agriculture plays a crucial role in Ethiopia's economy and contributes 42.9 percent of Ethiopia's GDP, employing 80 percent of the population and generating 70 percent of the country's export.

Cognizant of the role of the agriculture sector, the Ethiopian Government has attached a high priority to the sector. The central focus of the government's strategy is to boost production and productivity thereby achieving food self-sufficiency by the end of the GTP period in 2015. In this regard, the government is promoting the development of small holder farming activity through the provision of inputs, improving market access, exposing small holder farmers to new technologies and enhanced farming techniques. The government is also promoting commercial farming activity through private investment in the agriculture sector.

The Government of Ethiopia is also committed to create a vibrant manufacturing sector through the provision of policy, regulatory, and institutional capacity enhancing measures. It has continued to aggressively implement its programme of industrialization through the development of industrial zones and has established an Industrial Development Corporation to provide strategic leadership and oversight of the industrial zones in 2013. Within the framework of fostering an enabling environment for the private sector to invest in the manufacturing sector, the government has continued to provide tailor made assistance to prioritized industrial sectors mainly metal and engineering as well as leather, leather products and the footwear subsectors. Similarly, the government has established specialized capacity building

**T**his is a very exciting time to be pursuing entrepreneurship in Ethiopia.... Through its support to the UNDP Entrepreneurship Development Programme, Canada aims to provide important tools that will support the growth of the private sector to help Ethiopians take advantage of these new opportunities.

Ambassador David Usher speaking to female graduates of a customized entrepreneurship training workshop coinciding with the launch event for the UNDP-Canada partnership on entrepreneurship



# Federal Government Finance

- The Federal Government mobilized Birr 28.8 billion from domestic sources (93.6 % from tax) and 5.3 billion from external grants in the second quarter of 2013/14, which is 31 percent and 68 percent higher compared to same period of the previous year respectively.
- Capital and current expenditures were Birr 11.2 and 6.5 billion in second quarter of 2013/14 exhibiting 25 and 28 percent increase against previous year same period performance.
- Actual ODA disbursement was 56.4 million USD in the second quarter of 2013/14, very low compared to the preceding quarters.



The government also places emphasis on the promotion and development of new micro and small scale enterprises and supporting existing ones to become medium scale enterprises.

## UNDP's Support to Promoting Broad-Based Growth

**Supporting Ethiopia's Agricultural Transformation Agenda:** UNDP has continued to play a critical role through the Agricultural Growth Programme (AGP) is to help Ethiopia achieve its ambitious agricultural development objectives. Building on the success is introducing new and appropriate technologies to agriculture in 2012, UNDP supported the Agricultural Transformation Agency's campaign to scale-up the number of farmers adopting teff-technologies, which led to some 1.3 million farmers adopting row planting by the end of 2013. Based on the findings of 2013, UNDP will continue to support ATA's aim for 2 million farmers to adopt teff technologies in 2014

UNDP has also continued its support to the soil analysis and fertility mapping exercise being undertaken across the country. Soil analysis and mapping has been completed for most of the sample districts in 2013 and based on the initial results of the soil analysis, six fertilizer blends have been developed that can be adjusted according to the location of Ethiopia's four major cereal crops—maize, teff, wheat and barley. In 2013, two of six fertilizer blends were introduced to more than 25,000 farmers with impressive results.

Following the ratification of the amended seed proclamation for Ethiopia in January 2013, UNDP supported the Ministry of Agriculture's efforts to establish Regional Seed Regulatory Authorities in three key seed producing regions of the country. The establishment of these independent agencies in Amhara and SNNP were approved in 2013. These autonomous, impartial regulatory authorities are intended to enforce seed quality standards and protect stakeholders (especially smallholder farmers). Moreover, UNDP supported the Direct Seed Marketing (DSM) modality in 33 woreda/districts in 3 regions (Amhar, Ormoia and SNNP) whereby seed producers directly market the seed they produce through well trained and

Photo Courtesy ATA



Maize on plot with blend grew faster, greener, wider leaves and thicker stems than the one with DAP + Urea, planted 2 weeks earlier.



licensed distribution agents. This modality enables producers to directly market their seed to farmers through multiple channels such as private outlets and producer stores in addition to cooperatives. An evaluation of the Direct Seed Marketing pilot showed improvements in a range of areas, including more timely delivery, carryover reduction due to real-time inventory management, and reduced distribution costs due to a shortened value chain. Learning from the successes of 2013, DSM will be scaled-up in more than 65 woredas in Amhara, Oromia, Tigray and SNNP regions in 2014.

**Support to strengthen Industrial Development in Ethiopia:** As part of its strategic support to Ethiopia's industrialization programme, UNDP has helped to enhance the policy and programme implementation capacity of the Ministry of Industry (Mol). UNDP supported the development of a standardized input-output coefficient system to help Mol enhance industrial coherence and improve industrial planning including systematization of incentives given in prioritized export oriented sub sectors. The Ministry's policy review and regulatory capacity was also strengthened through an enhanced central data base management. In 2013, UNDP supported skills enhancement and knowledge transfer to private sector support institutions such as the Leather Industries Development Institute (LIDI), Metal Industries Development Institute (MIDI) and the Ethiopian Chamber of Commerce & Sectoral Associations to develop the technical capacity of the institutes in order to boost private investment in the manufacturing sector.

**Support to Trade Sector Development:** In recognition of the vital contribution of the coffee sector to the Ethiopian economy, the National Coffee Platform (NCP) was established in 2013 with the support from the Government of Denmark and UNDP. The Platform serves as a mechanism to bring together government policy makers and key stakeholders from the coffee sector to jointly lay out concrete strategies and formulate action plans for the broader development of the sector. The Platform benefited from UNDP's Green Commodities Programme advisory services on standardized commodity platform establishment by benchmarking against international practices.

In 2013 UNDP concluded a 3 year institutional capacity building and advisory services support to the Ethiopian Commodity Exchange (ECX), which is now fully nationally operated. During the year, provisions of technical support also enabled the Exchange to develop online trading platform in six remote trading centres across the country to share real time information with primary level trading centres near the producers.

As part of the overall support to the business community, UNDP's support to national chambers and sectoral associations led to the inauguration of Business Development Service (BDS) Centres in 5 regional chambers across Ethiopia. The centres are now providing the necessary trade related information to the private sector.

**National Logistics Strategy:** In support of the Government of Ethiopia's effort to enhance Ethiopia's competitiveness in the global market through improved national logistics system, UNDP partnered with the Prime Minister's Office to initiate a study on a national logistics strategy. A major component of this comprehensive study, around 70percent, was completed in 2013. The scope of the initiative is to support the government in: (1) reviewing the overall logistics system relevant for Ethiopia, (2) developing a blueprint for a more efficient and effective system, (3) identifying the interventions required for a logistics transformation, (4) designing the implementation approach and set-up, (5) supporting the implementation process, including through progress assessment and evaluation vis-à-vis pertinent measuring criteria, and 6) provide capacity building support to Ethiopian Maritime Affairs Authority. The engagement focused on the most relevant flows of goods for key sectors, such as agriculture, manufacturing, and construction.

**Entrepreneurship Development Programme:** in order to support Ethiopia's strategy to unleash the growth potential of the private sector, particularly that of micro and small enterprises (MSEs), UNDP has partnered with the Government of Ethiopia to establish an Entrepreneurship Development Programme (EDP). The programme seeks to bring about a mindset change within existing and new entrepreneurs, through the provision of entrepreneurial and business management skills training, and promotion of MSEs through business development support.

UNDP has committed USD 6 million for the three year period and is raising an additional USD 20 million in funding from development partners. Over a three-year period the programme plans to target 250,000 people who will acquire or improve their entrepreneurial skills and knowledge. Business Development Services (BDS) will also be provided to 200,000 entrepreneurs.

An **Entrepreneurship Development Centre** (EDC) was established in Addis Ababa in May 2013 with the support of UNDP and has since started running the EDP not only in Addis Ababa but also rolled out the programme to the regions of Amhara, Tigray, Oromia and Southern Nations, Nationalities and Peoples. By the end of 2013, more than 1,000 people have acquired entrepreneurial skills and knowledge, with a further 570 small and micro businesses accessing business development support.

**Local Economic Development:** The Local Economic Development (LED) programme, which started with 7 cities of Ethiopia in 2009 was scaled up to the second generation to 27 cities in 2013. LED seeks to promote pro-poor economic growth and sustainable livelihoods through improving the enabling environment for business development, investment and targeted economic interventions in cities. One of the key activities undertaken by the LED is to facilitate the MSEs access to finance through microfinance.



### **Key progress and results in UNDP supported areas of intervention**

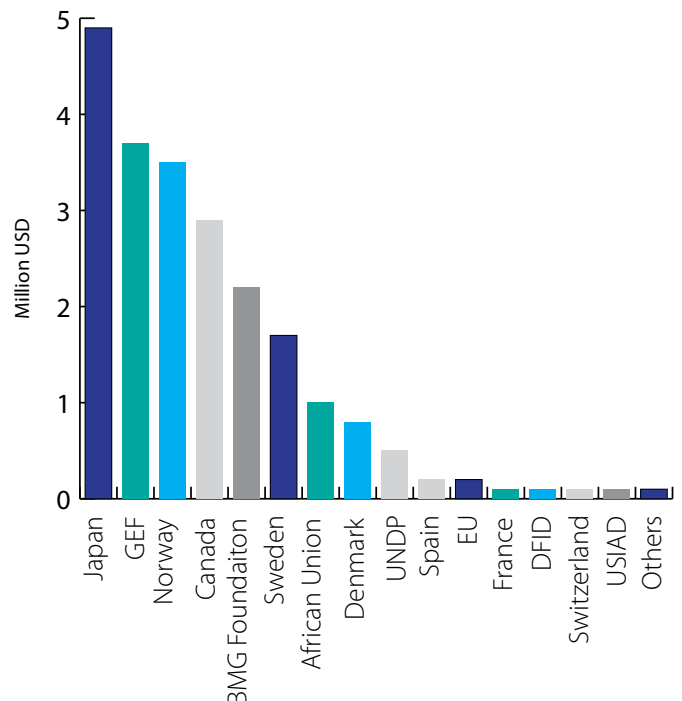
- UNDP supported the adoption of teff technologies by 1.3 million smallholder farmers in 2013.
- Through UNDP's support, a National Wheat Productivity Initiative was rolled out to around 400,000 farmers in 2013 and Ethiopian Grain Trade Enterprise has purchased 250K of domestic wheat as part of an import substitution strategy.
- 17 modern and 13 traditional irrigation schemes were upgraded and five new irrigation schemes constructed as part of UNDP's support to the strategic intervention undertaken by Ethiopia's Agricultural Growth Programme (AGP) to gradually decrease the country's dependence on rain-fed agriculture and to increase productivity.
- 1,036 micro enterprises (365 newly established in 2013) accessed microfinance from an inclusive micro finance initiative supported by UNDP's Local Economic Development programme that has a total disbursement of more than 108 million ETB (approximately five hundred thousand US Dollars)
- Through UNDP's support the Ethiopian Leather Industries Association was able to host the 2013 All African Trade Fair, which helped to create and strengthen business linkages with global partners from 48 countries. The fair also led to business transactions worth US\$12 million.
- The Leather Industries Development Institute (LIDI) was able to launch an Enterprise Resource Planning System following UNDP's support to strengthen LIDI's IT infrastructure.
- UNDP's support for the procurement of testing equipment for the Metal Industries Development Institute (MIDI) facilitated the establishment of a Non-Destructive and Destructive Testing Technologies (NDT) Centre. Through UNDP's technical support MIDI designed a strategy to address challenges in the basic metal and engineering sub sector value chain in Ethiopia.
- Through UNDP's support almost 400 experts and high level officials from the leather industry gained skills in leadership, work ethics and management for effective delivery of services, waste management, in-process pollution reduction and adoption of clean technologies; international trade, market access, awareness of WTO regulations procedures and supply chain management in the leather sector.
- UNDP's support to national chambers and sectoral associations enabled 77 chamber members to develop their knowledge on private sector policies and BDS development while three sector associations utilized the technical support provided to develop strategic plans to guide their programme of work for the next three to five years.

# UNDP's Partnership, Resource Mobilisation and Programme Expenditures

In 2013, the UNDP Ethiopia Country Office continued to expand its partnership with key development partners and received contributions of over US\$22 million from more than 20 donors.

Japan remains UNDP's strongest partner with a contribution of US\$4.97 m in 2013 (22percent), followed by the Global Environment Facility (GEF) with US\$3.74 m (16percent), Norway with US\$3.5 m (15percent), Canada with US\$2.99 m (13percent), the Bill and Melinda Gates Foundation (BMGF) with US\$2.26 million (10percent), and Sweden with US\$1.72 m (8percent). Out of the Country Office's current contributing partners, these top 6 donors make up 85percent of UNDP's contributions received in 2013.

**Figure 1: UNDP Ethiopia Donor Contributions in 2013 in million USD**







# Credits

- Fresh loan disbursement to the economy was 16.8 Billion Birr in the second quarter of 2013/14 (69 % by public banks), which is 19 and 75 percent higher compared to preceding quarter and second quarter of 2012/13, respectively. 33 percent of the credit financed trade, 32 percent Industry and 15 percent Agriculture.
- Deposit mobilized by the banks reached Birr 252.2 billion in the second quarter of 2013/14, showing 7.1 percent quarterly and 22 percent annual growth.

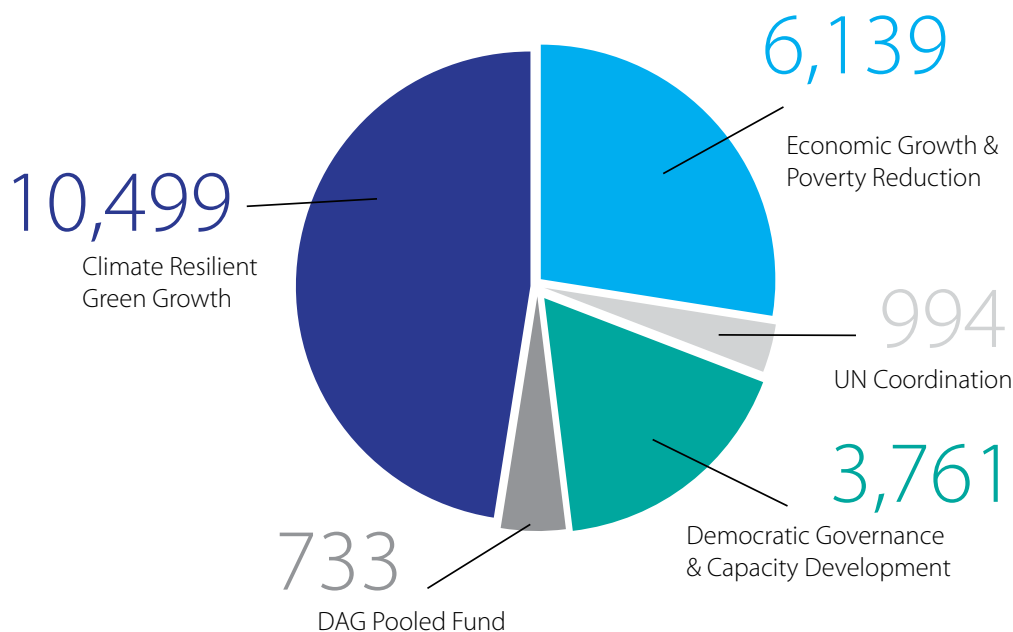
Photo Courtesy: Yonas Getachew

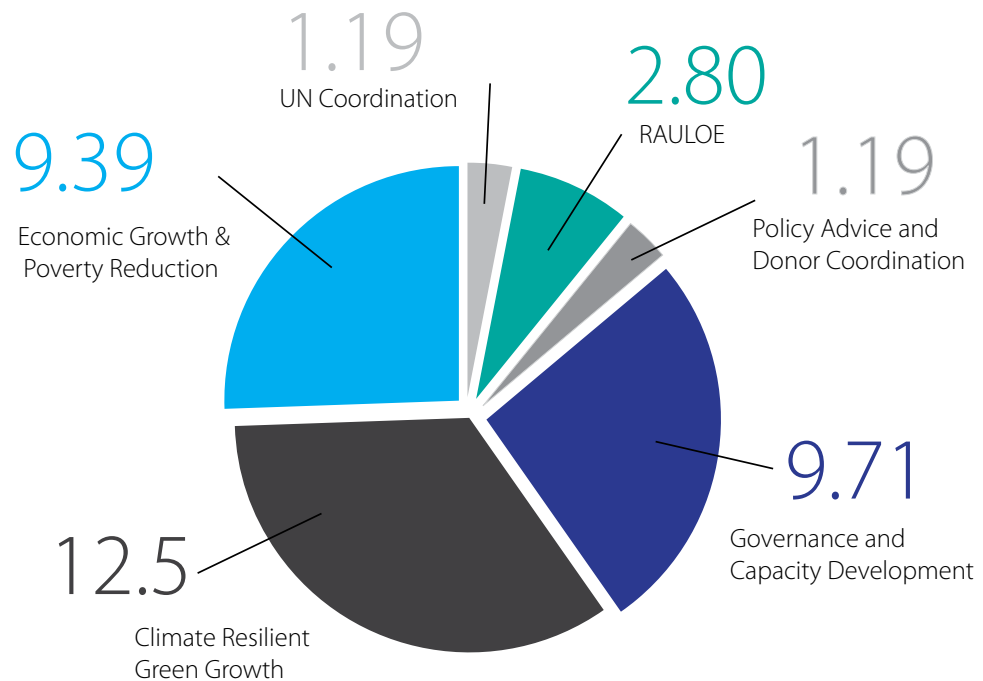
The partnership with philanthropic foundations is receiving increased attention, with 10 percent of total 2013 contributions coming from the Bill and Melinda Gates Foundation (BMGF). Highly catalytic and transformational interventions supported by the BMGF in the agricultural sector have in turn attracted additional donor resources from Canada, which is one of UNDP Ethiopia's long standing partners and key donors. The pooling of resources and support to this sector, facilitated by UNDP, has helped in the provision of highly aid effective and harmonized support to a high-impact sector in terms of poverty reduction and MDG attainment.

Partnerships with other non-traditional donors such as the African Union have also been expanded with the AU contributing USD 1 m to UNDP's disaster risk management and resilience programme.

In 2013 a new partnership with Denmark was fostered in order to strengthen coordination among major public and private stakeholders involved in coffee production in Ethiopia to promote sustainable and climate-resilient coffee production. A National Coffee Platform was established with support from Denmark and serves as a mechanism to address commodity supply chain challenges.

**Figure 2. Donor contributions per Programme in 2013 in million USD**





**Figure 3. Expenditure for 2013 per programme in million USD**

The Climate Resilient & Green Growth Programme, which includes disaster risk management, climate change, biodiversity conservation and food security, attracted the largest share of contributions received in 2013. The second largest programme in terms of contributions received is Governance followed by Economic Growth.

The Country Office has utilized more than US\$36 million in 2013 as it delivered on its programmatic support areas for Ethiopia. Thirty-three percent of the Country Office expenditure went to the Climate Resilient Green Growth Programme, followed by Democratic Governance and Capacity Development Programme with 27 percent, and the Economic Growth & Poverty Reduction Programme with 26 percent. Fourteen percent of the Country Office expenditure was accounted for by its programme resources spent on Policy and Advisory Services, UN Coordination as well as AU/ECA liaison and associated regional programme.

# Way Forward

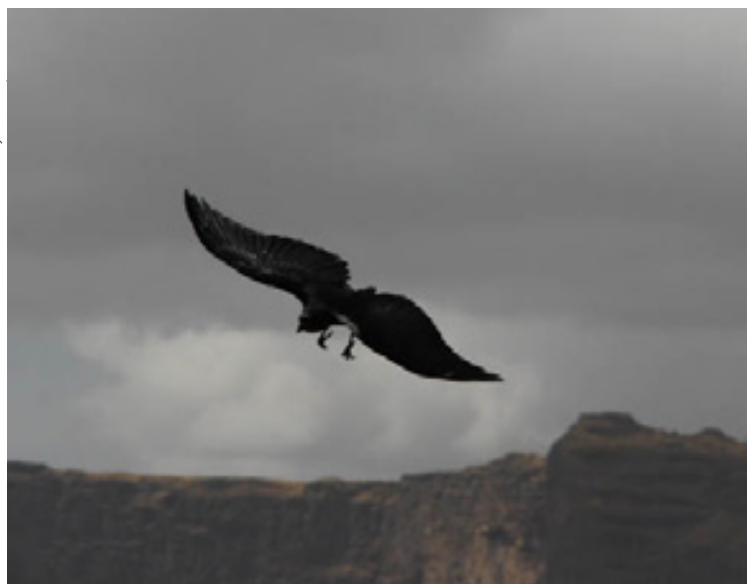
# 6

UNDP started to implement its new strategic plan as of 2014. The plan provides the grounds for the organisation to become more results-oriented, and efficient. It will also ensure that UNDP will be fit for purpose and make the best use of the resources entrusted to it. Making an impact at the country level and having the ability to make prominent contributions to the global development dialogue are key objectives of the plan.

The new strategic plan highlights the significance of managing for, communicating on, and achieving results. All UNDP projects and programmes are linked to outputs and their progress is monitored through a results framework and against a set of key indicators. By measuring the success in implementing the new plan, UNDP will be able to better demonstrate the impact it has on development.

The Ethiopia Office has likewise geared its country programme closer to UNDP's new global strategic plan while respecting national priorities and agreements. This means UNDP Ethiopia has increased its focus on strengthening inclusive and effective democratic governance, adopting sustainable development pathways, and building resilience.

Photo Courtesy: Yonas Getachew



...In Ethiopia, UNDP continues to aim high by delivering first-class upstream policy support, fostering and developing strategic partnerships, simplifying its business processes, and refining its programming tools and strategies for augmented efficiency....



The Innovation for Development, one of the new key drivers for UNDP Ethiopia in 2014, will help in fostering creative thinking and finding solutions to persisting development challenges in 2014.

In the realm of building democratic governance, UNDP Ethiopia will continue to support the government in its efforts to enhance the capacity of democratic institutions to be effective, sufficient, and responsive in promoting and protecting the rights of its citizens. The Country Office will continue to support the Parliament and the Ethiopian National Electoral Board (NEBE) to increase participation, the Ethiopian Human Rights Commission (EHRC), and Ethiopian Institution of the Ombudsman (EIO) to promote citizens' rights, and the Federal Ethics and Anti-corruption Commission (FEACC) to enhance accountability.

By investing in programmes on entrepreneurship development and agricultural growth, UNDP Ethiopia will carry on assisting the government in building a league of successful entrepreneurs, contributing to increased agricultural productivity and commercialization, boosting private sector development and driving the expansion of the industrial sector.

Facilitating the implementation of the Climate Resilient Green Economy, harnessing alternative energy sources, and helping to safeguard Ethiopia's biodiversity and ecosystems to boost tourism will continue to be key areas for UNDP Ethiopia in adopting sustainable development pathways. UNDP Ethiopia will likewise continue to

pursue a proactive resilience-building approach in strengthening the capacity of institutions identifying and responding to disasters as well as boosting the adaptive capacity of affected communities.

UNDP Ethiopia will continue to play a leadership role in UN coordination, bringing about greater coherence within the UN System, in the context of the Delivering as One agenda. In addition to supporting UN sister agencies, UNDP Ethiopia has reengineered its internal business processes to support programme delivery and provide effective and timely operational support to the Regional Service Centre. In 2014, the capacity of the operations teams will be strengthened to improve country office operational efficiency and effectiveness.

As the MDG acceleration in Ethiopia continues and sustainable development goals are being articulated in 2014, UNDP Ethiopia is positioning itself to run with the post-2015 development agenda. The Country Office supported national, regional and thematic consultations on the new sustainable development goals. Thousands of Ethiopians shared their opinions and priorities for the new agenda. The links between poverty eradication and sustainable development were recognized, and calls for promoting peace and security, democratic governance, the rule of law, gender equality, and human rights for all were likewise made known. These aspirations will continue to frame our work in the coming years.





**United Nations  
Development Programme  
Ethiopia**

Annual Report 2013

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