



# ANNUAL REPORT

**United Nations Development Programme in Ethiopia**

TRANSFORMATION, EXCELLENCE AND ACTION





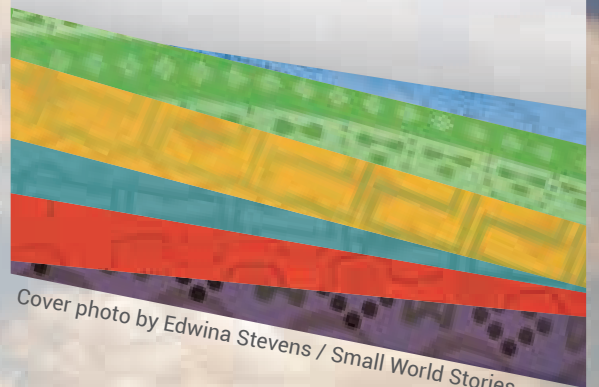
UNITED NATIONS  
DEVELOPMENT  
PROGRAMME



Empowered Lives.  
Resilient Nations.

2012

ANNUAL REPORT



Cover photo by Edwina Stevens / Small World Stories

# Acronyms

<b>AGP</b>	Agriculture Growth Product
<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>DIP</b>	Democratic Institutions Programme
<b>DRM</b>	Disaster Risk Management
<b>DRR</b>	Disaster Risk Reduction
<b>DRS</b>	Developing Regional States
<b>ECA</b>	Economic Commission for Africa
<b>ECX</b>	Ethiopian Commodity Exchange
<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 the recent Expenditure Survey
<b>HoPR</b>	House of Peoples Representatives
<b>ILO</b>	International Labour Organization
<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>MoFED</b>	Ministry of Finance and Economic Development
<b>MPTF</b>	Multi-Partner Trust Fund Office
<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 UN ECA
<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
<b>UNESCO</b>	United Nations Education, Social and Cultural Organization
<b>UNFPA</b>	United nations Population Fund
<b>UNICEF</b>	United Nations Children’s Fund



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# Message Resident

I am pleased to share with you the 2012 Annual Report for the United Nations Development Programme (UNDP) in Ethiopia. The report highlights the main contributions of UNDP to the achievement of national priorities as identified in the medium term national development framework, the Growth and Transformation Plan (GTP) and the United Nations Development Assistance Framework (UNDAF).

Ethiopia has made significant strides towards becoming a middle income country by 2025. The country has achieved commendable development results over the past decade. The Ethiopian economy is undergoing rapid transformation and has become the fastest growing non-oil exporting economy in the world, posting an average of 11% economic growth annually over the last eight years. In 2012, poverty levels declined to 29.6%, down from 38.7% in 2005.

The UNDAF was developed through a participatory process and reflects all proposed UN work in Ethiopia focusing on agencies working together with the Government and other partners to achieve common results.

With its broad-based mandate as the development arm of the UN system, UNDP supports national efforts towards the achievement of the Millennium Development Goals (MDGs) and promotes human-centered development through its programmes that focus on three key areas of intervention i) Economic Growth and Poverty Reduction; ii) Democratic Governance and Capacity Development; and iii) Climate Resilient Green Growth.



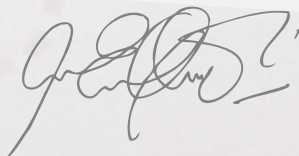


# from the Representative

In 2012, UNDP has made encouraging progress in all areas of its work, including on issues relating to climate change, disaster risk reduction, and good governance, among others. The commitment and leadership demonstrated by the Government and implementing partners has been critical in this regard, as has the confidence and financial support extended to UNDP's programmes by development partners. In line with our commitment to strengthening our partnership, we have established a vibrant and robust Partnerships and Management Support Unit that can help enhance our engagement for better results.

I'm also happy to note that UNDP Ethiopia was rated among the best performing country offices in the Africa region, remaining within the top 5 of the Regional Bureau for Africa's composite performance rating in 2012. Looking ahead, we at UNDP Ethiopia will continue to work with our partners through effective and efficient means to support strategic interventions that bring about high development impact. UNDP Ethiopia will continue to strengthen its engagement on emerging policy and transformation agendas in the areas of accelerated pro-poor growth while at the same time, help to ensure that this growth is green and also that measures to safeguard development gains against external and internal shocks are in place.

As Ethiopia is one of the countries chosen to undertake extensive consultations on the post-2015 agenda at national level, UNDP is also committed to continue supporting national efforts to define post-2015 development priorities based on sustainable green growth and greater social equity for lasting benefits to Ethiopia and its people.



**Eugene Owusu**

UN Resident Representative,  
UNDP Resident Representative and  
UN Humanitarian Coordinator



# Ethiopia at a Glance

Ethiopia is one of the top movers of human development globally in recent years with its Human Development Index (HDI) having increased by 32 % in the past decade. Ethiopia is also one of the countries in Sub-Saharan Africa that is on track to meet most of the Millennium Development Goals. Ethiopia's 2012 MDG Progress Report shows that the country is on track to achieve 6 out of the 8 Goals, including MDG 1 that stipulates cutting poverty levels by half with the 2012 figures declining to 29.6% from 38.7% in 2005. The Government is investing additional efforts towards accelerating progresses in Maternal Mortality and Gender Equality as these constitute the two MDGs that are lagging behind.

The second most populous African country, Ethiopia is cited as one of the fastest growing economies on the continent recording an average annual 11% economic growth over the past decade although these figures decreased to 8.5% in 2011/12.

The overall decrease is attributable to lower crop production. This in turn has resulted in declining growth within the agricultural sector, which holds the lion share of Ethiopia's economy. Government's thrust towards rapid growth and development therefore continues to be challenged by vulnerability to climate induced shocks in a predominantly rain-fed agricultural economy. Additional factors include the high population numbers and limited capacities for



implementation of national policies and strategies. Though several regions remain prone to drought, its impact and severity has been significantly reduced through enhanced resilience building at community level and greater safety net programmes.

Ethiopia has embarked on an ambitious path to become a middle income country with a climate resilient and green economy by the year 2025. The country's five year Growth and Transformation Plan (GTP) commits to maintaining double-digit, broad-based and pro-poor economic growth, doubling agricultural growth and increasing the share of industry in the economy.

During 2012 external grants to Ethiopia declined by 22% compared to the previous year's inflows due to the adverse effects of the global economic crisis. Favorable commodity prices aided the country to increase the value of its exports to US\$ 3.2 billion, representing a 14.5% annual growth rate.

Domestic resource mobilization was complemented by an increase in workers' remittances during the year estimated at US\$ 1.9 billion indicating Government's improved efforts in leveraging remittance. The capacity to mobilize domestic resources to finance the country's development aspirations was also strengthened in 2012 with the Government financing 82% of its expenditure from domestic revenue. 2012 also

witnessed a 45% increase in tax collections raising the country's tax to GDP ratio to 12.2% from 11.5% in 2011. While showing improvements, Ethiopia's tax to GDP ratio is still below the Sub Sahara average of 20%.

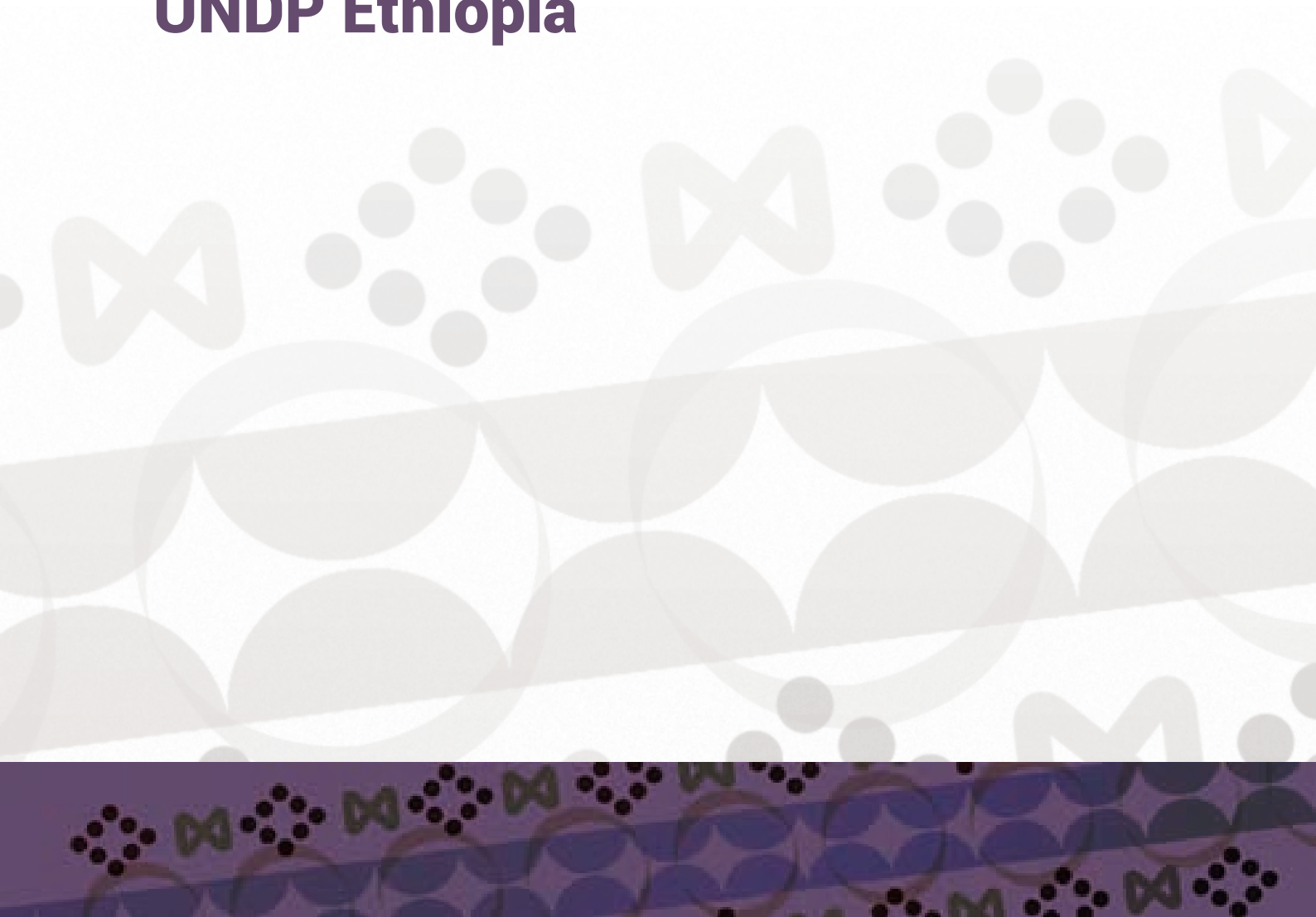
Combatting inflation was one of the other major challenges in Ethiopia during 2012. Annual Consumer Price Index inflation was 39.8 % in October 2011 but steadily reaching 15.8 % in October 2012 due to strong policy measures taken by the Government, including avoiding Government recourse from the central bank. Unemployment among the youth remained high in 2012. The African Economic Outlook 2012 estimated Ethiopia's urban youth unemployment rate stood at 23.7%.

Ethiopia continues to be the strategic anchor for peace and security in the Horn of Africa region, supporting the African Union Peace-keeping operations in Somalia and South Sudan.

Internally, Ethiopia's key aspirations include a focus on inclusive democratic governance system, fighting corruption and strengthening institutional capacity to effectively implement and monitor national development plans. In 2012, the country saw an increase in female representation in decision making bodies. Women make up 13% of cabinet ministers, compared to the previous figure of 7%, and 15% of state ministers.

# 1

**UNDP Ethiopia**





## How we work in Ethiopia

UNDP's strategic intervention to support accelerated sustainable growth and human development in Ethiopia, is anchored in Ethiopia's Growth and Transformation Plan (2011-2015) and seeks to support the ambitious vision of the Government of Ethiopia to meet the MDGs by 2015 and to become a middle-income country with a climate resilient and green economy by 2025.

UNDP's country programme is aligned with the United Nations Development Assistance Framework (UNDAF 2011-2015), to ensure optimal coherence and coordination of the assistance provided by various UN agencies. Within the Delivering as One initiative, implementation of the UNDP country programme is undertaken through the joint UNDAF Action Plan.

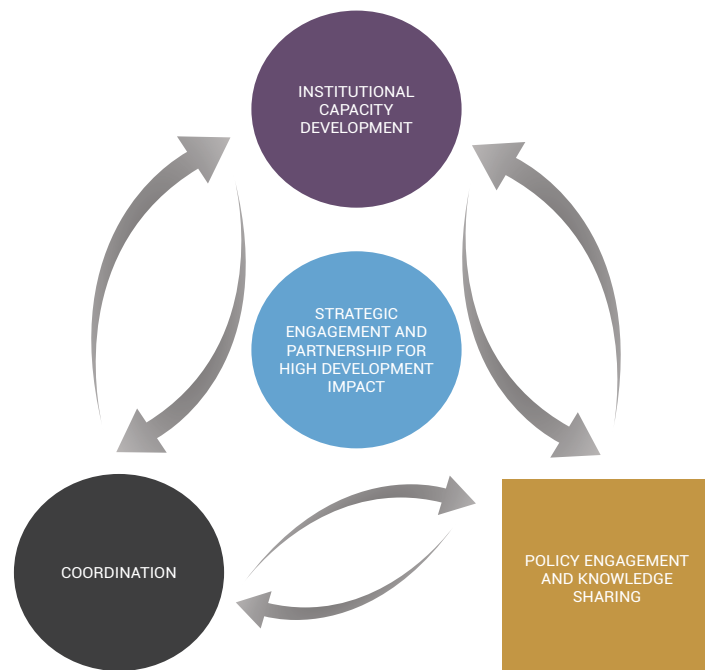
UNDP has continued to facilitate and strengthen donor coordination in Ethiopia in line with the Rome, Paris, Accra and Busan declarations. Focused partnership building initiatives with emerging economies such as China, India, Korea and Brazil have been prioritized in 2012. Such initiatives are complemented with mutual learning and knowledge exchange with countries that share similarities in their development paths, such as Malaysia, Ghana, Rwanda and others. UNDP is also supporting Ethiopia in playing a lead role in the African Union, of which the country just assumed the presidency.

## Policy Engagement

UNDP engages in policy dialogue with the Government of Ethiopia in central areas of development and also supports capacity building efforts in policy analysis and implementation by working on and advocating for poverty reduction, democratic governance, crisis prevention and recovery, and environment and sustainable development.

## Capacity Development

UNDP sees capacity development as the process through which individuals, organizations and societies obtain, strengthen and maintain capabilities to set and achieve their own development objectives over time. UNDP Ethiopia approaches capacity development by targeting interventions at community level, and also by building institutional capacity at federal, regional and local levels through providing access to training and knowledge. In doing so, UNDP focuses on smart institutions, visionary leadership, access to knowledge and public accountability mechanisms as the drivers of capacity change.





## Coordination

### **UNDP and UN Country Team – Delivering as One:**

UNDP promotes coordination, efficiency and effectiveness of the UN System in Ethiopia through managing the UN Resident Coordinator System for the UN Country Team in Ethiopia, tracking the Millennium Development Goals and chairing the Development Assistant Group. As the



agency for and manager of the Resident Coordinator system, UNDP plays a pivotal role in making the UN a more relevant, responsive and results-oriented organization, particularly through the 'Delivering as One' initiative. As a result, UN agencies are better coordinated and programme interventions are well planned. UNDP also

supported the preparation of the UNDAF Action Plan 2012-15 which was finalized in 2012 and provides for a coherent framework to coordinate and harmonize development support to the Government.

UNDP is playing a leadership role as one of the co-chairs for the UNDAF Technical Working Group for governance and capacity development and the chair of the UN Communication Group and the Governance Technical Working Group.

**Support to Donor Coordination:** As Co-Chair of the 26-member Development Assistance Group (DAG), UNDP facilitates and strengthens donor coordination in Ethiopia in line with the Rome, Paris, Accra and Busan declarations on Aid Effectiveness and Harmonization. In 2012, UNDP's coordination role has helped push forward the aid effectiveness agenda through a special focus on strengthening efforts towards increased transparency and predictability of aid in the country.

In July 2012, the new phase of the DAG General Pooled Fund, managed by UNDP was launched. The mechanism seeks to improve the impact of development assistance to Ethiopia and support the Government in efforts to reduce poverty mainly through supporting the monitoring of the national development plan, and through strengthening of government aid management capacities. Building on the success and lessons learned from the previous experience, the Pooled Fund places special emphasis on improving the donor-Government dialogue and coordination system as well as institutional capacity development.

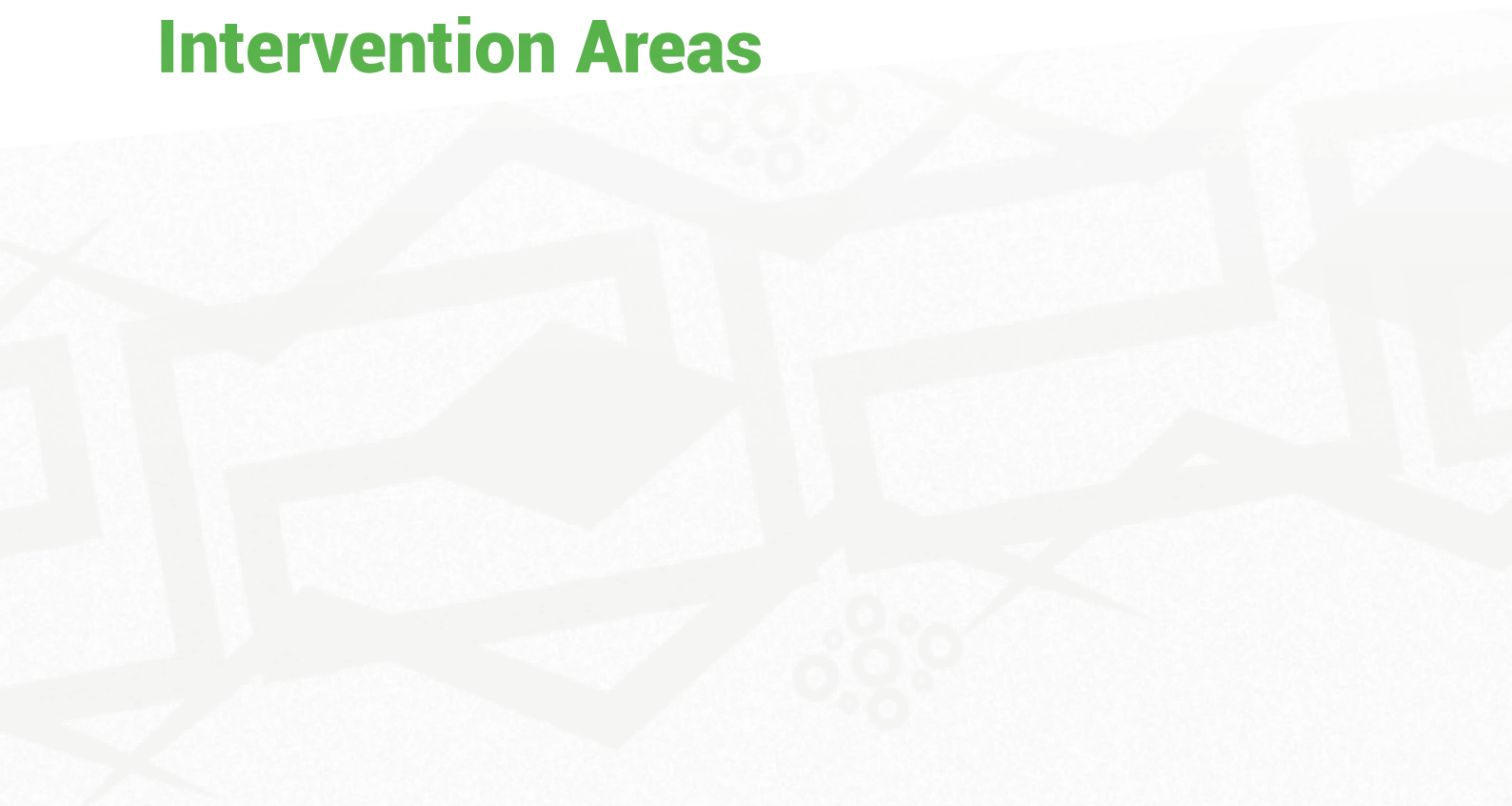
The DAG Pooled Fund has provided support to the development and utilisation of the Aid Management Platform (AMP) through financing the upgrade of the system, and also training staff from the Ministry of Finance and Economic Development (MoFED) to make use of the improved platform. The AMP helps to improve transparency, predictability and reporting on aid in Ethiopia and has enabled Government to streamline its aid management and reporting and improve the way development resources are coordinated with national priorities, while facilitating the harmonization of donor aid processes.

**Liaison with the African Union and ECA:** The Representation to the African Union and Liaison Office to UN ECA (RAULOE) has supported the establishment of Partnerships Management Division in the Office of the African Union Commission Chairperson to strengthen AUC's management of partnerships. The organization of the eighth edition of the Africa Governance Forum in Kigali, Rwanda, was also another highlight of 2012.



# 2

## Results of Priority Intervention Areas



Building on its comparative advantage, mandate and experience, UNDP Ethiopia is moving upstream, through targeted and catalytic interventions that accelerate broad-based development and safeguard development gains against endogenous and exogenous shocks. The country office's focus is on strengthening national capacities to transform policies and institutions, and also to empower Ethiopian citizens to achieve this vision. UNDP is leveraging its resources, global knowledge and networks, strong partnerships with government, development partners, the private sector and, including to an extent, the civil society in this process through three intervention areas:

- Enhanced economic growth and poverty reduction;
- Development of a low-carbon and climate-resilient economy; and
- Democratic governance and capacity development.

Gender approaches, knowledge management and South-South cooperation are utilized to facilitate innovation, and scale up good practices.



## Climate Resilient and Green Growth

UNDP strongly advocates for, and facilitates Ethiopia's access to new, modern and environmental friendly practices as the country pursues the attainment of low emission strong economic growth targets. The Ethiopia country office places a special focus on building the national capacity to integrate environmental considerations into development plans and strategies moreover UNDP Ethiopia also provides innovative policy support, creates and builds strong partnerships particularly for securing resources. Support is also provided to Ethiopia to help the country effectively implement programmes for a sustainable, low-carbon and climate-resilient development path at both national and community levels. UNDP invests strongly in helping local communities adapt to climate change and manage their natural resources better. This is done through promoting community-based natural resource management, sustainable utilization, mainstreaming agro-biodiversity conservation into farming systems, and providing trainings in agro-forestry.

Indigenous communities are also supported with access to cost effective tools and knowledge in order to ensure sustainable management of protected areas and response to overcome the consequences of climate change and more extreme weather events.

Rio Plus 20: UNDP Administrator Helen Clark and UNDP Ethiopia Resident Representative Eugene Owusu with a senior representative from the Dream Light Solid Waste Management PLC, an Ethiopian company that was awarded the 2012 World Business and Development Award (WBDA) in Rio, Brazil.

## Climate Resilient Green Economy

In line with **Climate Resilient and Green Economy (CRGE) Strategy**, developed in 2011, the preparation of costed sectoral investment plans is underway, including institutional arrangements for managing green economy interventions and related carbon financing. In 2012, UNDP has substantively supported some of the 'fast-start' segments of the CRGE Strategy, namely renewable energy and cook stoves, capacity development in five sectors for the preparation of investments plans, carbon baseline determination along with measurement, reporting and verification (MRV) to support Ethiopia to attract results-based carbon financing. The national cook stoves programme, the first investment plan of the CRGE, is expected to mobilize about USD 37 million and benefit 4.5 million households.

UNDP supported the Government to showcase and exchange experiences on its Climate Resilient Green Economy (CRGE) Strategy with other countries at the Rio+20 Conference on Sustainable Development held in Brazil in 2012.

In order to attract traditional and innovative sources of climate financing, UNDP Ethiopia also supported the Government to establish a **CRGE Facility** in December 2012. The CRGE Facility is designed to serve three functions: policy coordination, a financial mechanism to mobilize and disburse funds efficiently; and capacity development for MRV to support compliance with international requirements. In addition, a UNDP-advocated target for earmarking 2% of the federal budget for environmental management and mainstreaming CRGE in national development plans and the budget was approved.

## Programme Highlights

- UNDP, through its Multi-Partner Trust Fund Office (MPTF Office), serves as the provisional Trustee, providing fund administration services for funding that is channeled through the CRGE Facility's. UNDP has earmarked about 1 million USD for capacity building, which has gone towards financing a capacity building initiatives including a Leadership for Results Programme to develop competencies of staff in key agencies for mainstreaming CRGE in national plans
- UNDP supported five federal organizations: Ministry of Finance and Economic Development, Ministry of Trade and Industry, Ministry of Agriculture, Ministry of Water and Energy, and Environmental Protection Agency to establish CRGE implementation coordination mechanisms.
- 17,487 women benefited from revolving fund through provision of livestock and vegetable seeds which helped to create assets and reduced women vulnerability. In addition, these women were trained to use plastic private rain gauge so that they are able to decide planting season of different crops.



UNDP also supported an initiative involving seven universities in order to bridge the connection between the Science-Policy-Practice linkages in the area of CRGE. With the help of UNDP, Ethiopia established a Climate technology innovation center and joined the UN SG's initiative on "Sustainable Energy for All".

Through leadership and climate change capacity development trainings; 500 parliamentarians and 300 members of House of Federation, 40 directors and regional bureau heads and 80 senior experts were trained to mainstream climate change in to planning, budgeting and implementation of projects and programmes.

## Safeguarding Biodiversity

UNDP's interventions in biodiversity conservation have raised the profile of this resource at various levels with significant policy response, including strengthened institutional the capacity of the Institute of Biodiversity Conservation and the Ethiopian Wild Life Conservation Authority. This involves sustainable financing mechanisms (e.g. protected area trust fund) and market instruments (e.g. marketing strategy for agro-biodiversity).

Advocacy and demonstration efforts on how the country's unique biodiversity is contributing significantly to economic development, both locally and nationally have been prioritized. Through UNDP's support, five policies (trade, biodiversity, environment, agriculture and forest) have been reviewed and final reports produced. With the review of institutional framework of the five institutions, Ethiopia was able to identify where there was an overlap of mandates and gaps that needed to be addressed. Existing community by-laws are under review.

Practices that localize CRGE have been promoted within the framework of "Green Technology Penetration Initiative" implemented in 97 districts. UNDP introduced and demonstrated 14 green technologies, including Ethanol Micro Distillery, Biodiesel Micro Production Facility, and Three

Wheeler's Electric Taxi. These interventions have been taken by Government as instruments for the incubation of green enterprises for the realization of CRGE at grass-roots levels.



We are supporting the government of Ethiopia to move from crisis management to proactive disaster risk management (DRM) to mainstream development initiatives within the DRM strategic framework and enhance community resilience to disasters and reduce vulnerability. We are also very proud to provide support to the country's transition towards an inclusive low carbon climate resilient green economy."

**Sinkinesh Beyene,**  
Team Leader,  
Climate Resilient and Green Economy Unit

## Disaster Risk Management

UNDP significantly contributed to Ethiopia's effort in disaster risk reduction and resilience building. At federal level, UNDP strengthened the Disaster Risk Management and Food Security Sector's technical, policy making, and programme management capacities. UNDP has also supported the operationalization of the Social Protection Policy and revised DRM Policy by focusing on development partner interventions in the UNDAF and DRM-Strategic Programme and Investment Framework on risk management and resilience-building.

The programme also firms up the position of the Government to shift from disaster response and food aid to the building of community resilience and reduction of vulnerabilities. Within this context, UNDP has helped Ethiopia to establish an **Emergency Coordination Centre (ECC)**, which improves the effectiveness of emergency response, and launch an **African Centre for Disaster Risk Management (ACDRM)**, in collaboration with the Asian Disaster Preparedness Centre (ADPC).

The establishment of the Emergency Coordination Centre – a 24-hour-7day early warning and coordination hub – will facilitate the seamless transition from early warning to preparedness, response, and recovery coordination. UNDP supported the revamping of the national Early Warning (EW) System, which links 677 districts and 8 regional EW databases. This has improved the alert system to avoid the loss of lives and livelihoods and enable the anticipation of food security requirements. 1,300 trained EW experts started analyzing and reporting information from the EW System.

Regions have heightened capacity through community risk reduction and climate adaptation plans and projects. The resilience capacity of pastoral communities has improved due to the rehabilitation/construction of water facilities. Livestock restocking also improved their ability to adapt to prolonged dry periods and recover their livelihoods. Provision of seed capital also diversified community income and improved community coping mechanisms.

UNDP's approach of combining social protection and livelihood enhancement and the integration of risk reduction and climate adaptation not only informed drought recovery/resilience initiatives, it also provided easily scalable practices for the improvement of food security. As a result of UNDP's support, food security of 60,000 persons improved and better dry land management practices enabled the cultivation of about 6,000 hectares of unproductive land.

UNDP's support to community-level disaster risk management was complemented by its engagement with the Agricultural Transformation Agency (ATA) to address systemic issues in productivity through mapping groundwater availability in arid and semi-arid lands. This allowed for pastoralists to improve their livelihoods through adoption of hybrid agro-pastoralist livelihoods with related income gains. Agronomic practices have been rolled out to 2.5 million smallholder farmers, and this is expected to play a transformative role in terms of enhanced productivity, improved food security and resilience to climate change.

UNDP supported various initiatives with the objective of reducing the vulnerability of the community, particularly women and children to different hazards and climate change impacts. The provision of access to clean and dependable water sources through the development of water points has benefited women and girls in saving time required for fetching water and also improved family health in Somali, Afar, Gambella, Oromiya and SNNP Regional States.

UNDP Ethiopia's 'Coping With Drought and Climate Change' Project was selected by the GEF Secretariat as a best practice for the Adaptation Practitioners Day, which was held for the first time during the International Conference on the United Nations Framework on Climate Change (COP18) that took place in Doha, Qatar from 26 November to 7 December, 2012. The Project shared its good practices in terms of building an adaptive capacity and reducing vulnerabilities to the adverse effects of drought and climate change. The project achievements are expected to be replicated in other countries.



### **MDG Achievement Fund - Environment Joint Programme**

The Spanish funded MDGs Achievement Fund Environment Joint Programme focuses on strengthening pastoral communities in order to adapt to the adverse effects of climate change threatening their livelihoods. It targets some of the most vulnerable communities in four drought prone regions of Ethiopia.

The Joint Programme is implemented in Aysha and Harshin districts of Somali regional state, Ada'ar and Telalak districts of Afar regional state, Teltele district of Oromia regional state and Selamago district of Southern Nations and Nationalities People's Region (SNNPR), also a regional state; amounting to a total of 17 pilot pastoral villages.

More than 35 licensed cooperatives have been established to support the communities in developing income generating activities and over 600 hectares of land have been managed by a natural resource plan.

## Democratic Governance and Capacity Development

The Democratic Governance and Capacity Development programme seeks to support the Government of Ethiopia in deepening democratization on top of improving governance and public service delivery. Special focus is devoted to interventions that promote inclusive participation; accountability and transparency; capacity building; and grounding UN democratic governance principles.

2012 was a busy year for Ethiopia's democratic governance agenda. Ethiopia completed the Africa Peer Review Mechanism process and was elected into the United Nations Human Rights Council. Further, communal and ethnic conflicts over access to and control of communal resources significantly declined.

Conflict in pastoralist communities resulted in about 12 deaths, which is a more than 95% decrease compared to previous years. This decrease is primarily due to timely action by Government to prevent and manage ethnic conflicts.



It was unthinkable without the support of the DIP, to communicate and transmit all the messages that changed the agenda of fighting corruption

**Ali Suleiman, Commissioner,  
Federal Ethics and  
Anti-Corruption Commission**

## Strengthening Democratic Institutions

Through the multi-donor Democratic Institutions Programme (DIP), UNDP has provided key support to the country's democratic institutions, thus enhancing Ethiopia's progress towards promoting transparency and accountability, human rights and popular participation.

Over the past five years, the programme has made efforts to enhance the capacity of seven democratic institutions to be effective and responsive in promoting and protecting the rights of citizens; promote human rights and good governance; and empower citizens to be active and effective participants in the democratic process as well as respect for the rights of others.

Through the support from the programme, democratic institutions, especially the Office of the Auditor General and the Ethiopian Human Rights Commission, increasingly subject government's actions to scrutiny. Increased review resulted in improved property rights and restitution. For example, Government has been ordered to compensate people displaced by development initiatives. The programme further supported some of the democratic institutions' contribution to law-making and implementation – examples are the **Asset Registration and Disclosure Law**, introduction of mechanisms for implementing the **Freedom of Information Law** and the adoption of the **National Human Rights Action Plan (NHRAP)**.

## Programme Highlights

- The Democratic Institutions Programme (DIP) is a five-year multi-donor program (aimed at strengthening) strengthen the capacity of seven key democratic institutions. These are 1) House of Peoples Representatives (HoPR) and Regional State Councils 2) The House of Federation and Southern Nations and Nationalities Peoples Regional State (SNNPRS) Council of Nationalities 3) The Ethiopian Human Rights Commission 4) The Ethiopian Institute of the Ombudsman 5) The Federal Ethics and Anti-corruption Commission (FEACC) 6) The Office of the Federal Auditor General and Regional Auditor Generals (OAG) and 7) The National Electoral Board of Ethiopia (NEBE). The total financial resources allocated for the programme is USD 47 million.
- The DIP is funded by Austria, CIDA, Denmark, EU, Irish Aid, Italian Development Cooperation, The Netherlands, Norway, Office of the High Commissioner for Human Rights, SIDA, DFID and UNDP.

UNDP Ethiopia has supported the development of a National Human Rights Action Plan which will help coordinate and deepen Government efforts to promote and protect human rights. UNDP has also contributed to the establishment of 111 free legal aid centers across the country that provide legal assistance to poor and vulnerable groups.

The DIP's intervention has also focused on strengthening access to and scrutiny of government actions. Citizens now have access to public information following the adoption of the Information Act. Women are continuously empowered and have greater participation in decision-making structures. Moreover, institutional capacity of gender machineries to mainstream gender and apply gender sensitive planning and budgeting has significantly improved.

Support to the Auditor General's Office has also brought about greater responsiveness to citizens' demands. The office is gathering pace with the services of the Office of the Ombudsman which have now expanded into 5 regions with the adoption of an electronic case management system of records. 70% of the 30,857 citizen complaints on mal-administration have been addressed at the national level. At the sub-national level, 85% of the 6,091 complaints have also been addressed. The Office of the Auditor General has also widened the scope and nature of public audit to cover performance, regulatory and environmental audits. Increased access to the Ombudsman provided a voice to the needs and preference of citizens, and led to improved quality of basic public services in the areas of education, health, water and sanitation and agriculture. In 2012 Government audits were standardized and aligned to international standards.

Advocacy on anti-corruption has been enhanced through the establishment of a web portal and is leading to the formation of local youth and women anti-corruption movements, especially in the capital.



## Capacity Development and Leadership Training

The Ministry of Finance and Economic Development and UNDP Ethiopia launched a programme on **Advanced Leadership** training for senior government executives at ministerial, ambassadorial and regional presidential level. This initiative focuses on linking with centres of excellence locally and globally for both short-term and long-term training on leadership for transformation and competencies of senior leaders on emerging issues. Similarly, UNDP's support to the Institute of Leadership and Good Governance aims at enhancing the country's efforts to create competent leadership in Ethiopia civil service. Senior managers are equipped with new development paradigms and cutting-edge knowledge as well as experience and innovative development solutions drawing from the lessons and best practices of other countries. In 2011, the Institute took in 67 students for its two-year course, while 87 new students joined in 2012.

Together with five UN agencies (UNICEF, ILO, UNFPA, UNWOMEN and UNESCO), UNDP Ethiopia is further implementing the UN Joint Programme on **Gender Equality and Women Empowerment**. The programme aims to support national policy and strategy on gender equality and women's empowerment. UNDP's contribution focuses on strengthening institutional capacity of gender mainstreaming in the federal gender machineries and that of the four main regions (Oromia, Amhara, SNNPR and Tigray). In this context, three standard tools (on gender mainstreaming, gender budgeting and gender auditing) have been developed and are already used by four key sector ministries and four regional states. UNDP has also supported the Ministry of Women Youth and Children's Affairs (MoWYCA) in conducting a gap assessment on the use of sex-disaggregated data in 21 sectors and to follow up with targeted trainings/workshops.

## Programme Highlights

- More than 70 federal and regional government institutions have received about 15,000 requests for information on public records.
- An internal assessment carried out by the Federal Anti-Corruption Commission revealed that the customer satisfaction rate of its services increased from 62% in 2009/10 to 87% in 2012.
- Following the passing of the Asset Registration and Disclosure Proclamation, the Federal Ethics and Anti-Corruption Commission has registered the asset and properties of 50,121 public servants by end September 2012.

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. Through this project, UNDP has supported capacity building training for officials and key experts at national, regional and woreda levels on results-based management as well as the deployment of 130 technical assistants and 93 UN Volunteers to key targeted national, regional and local government institutions throughout Ethiopia.

## Accelerating Development of Developing Regional States

**Accelerating Development of Developing Regional States (DRS)** is a UN Joint Programme, which involves UNDP, UNICEF, WHO, FAO, UNCDF, UNWOMEN, WFP and multiple government agencies at federal, regional and district levels. The programme aims at accelerating economic and social development in the four Developing Regional States of Ethiopia, namely Afar, Benishangul Gumuz, Somali and Gambel. Importantly, UNDP support has led to the adoption by Parliament of a **Grant Sharing Formula Framework** for the transfer of resources from the federal level to the regions, thus further boosting the authority of regional authorities. Importantly, UNDP support has led to the adoption by Parliament of a **Grant Sharing Formula Framework** for the transfer of resources from the federal level to the regions, thus further boosting the authority of regional authorities. Through the UN Capital Development Fund (UNCDF), UNDP contributes to building local capacities to promote environmentally sustainable livelihoods using a gender sensitive value chain approach. It aims at enabling both public and private institutions to combat poverty and increase household income through the upgrading of selected key value chains.

In 2012, core teams were established in the 22 DRS pilot woredas (administrative districts) comprising technical experts from all the relevant bureaus and offices that have responsibilities over agricultural value chains. Comprehensive training on gender sensitive value chain development has been provided to ensure that core teams take on the process over time, and use this approach as a sustainable tool to improve the livelihoods of the communities they work for.

## Conflict Prevention and Peace Building

In partnership with the Ministry of Federal Affairs, UNDP is actively engaged in **strengthening national capacities for conflict prevention and peace building** to address the structural, systemic and longer-term root causes of violent conflict. The project aims at putting in place effective communication systems for information exchange and programme coordination between federal, regional and local levels. This includes the training of conflict early warning field monitors and peace committee members as well as working on mediation and rapid response coordination, enhancing the participation of traditional leaders and women. The project also supports the establishment of local peace clubs in universities as well as a nation-wide University Peace Forum.



### **Flagship Gender Equality and Women Empowerment Joint Programme**

The Flagship Gender Equality and Women Empowerment joint programme of six UN agencies (UNDP, UNICEF, ILO, UNFPA, UNWOMEN and UNESCO) supports national policy and strategy on gender equality and women empowerment.

UNDP's contribution focuses on strengthening institutional capacity of gender mainstreaming in the federal gender machineries and that of the four main regions namely: Oromia, Amhara, SNNPR and Tigray.

So far, about 6 sector line ministries and 4 regional states have adapted and used three standard tools, developed with the support of UNDP, on gender mainstreaming, gender sensitive budgeting and gender auditing and adaptation of the tools by key ministries and regional states.

In 2012, UNDP organized a capacity building trainings for 100 parliamentarians. UNDP has also supported the conduct of gap assessment in 21 key ministries on the generation and use of sex disaggregated data.

## Sustainable Economic Growth and Poverty Reduction

UNDP's approach in Ethiopia combines interventions that address economic growth as well as poverty reduction. It does so through a combination of policy advisory services, strategic programmatic interventions as well as the facilitation of knowledge exchange and support to Ethiopia's engagement in international policy dialogue.

For example, UNDP technically and financially supported the Government of Ethiopia's successful bid to host the 2012 World Economic Forum. UNDP also used this opportunity to help market the country's investment potential and exports. UNDP has also provided advisory services to develop a strategy and an operating plans for the development of an industrial zone strategy for Ethiopia, which emphasizes the Korean development model of the 1960s and 1970s, and includes best practices from Turkey, Morocco and other countries. UNDP has also supported the development of a framework to attract private equity and venture capital funds through an envisioning workshop with senior Government partners hosted by the Resident Representative and the State Minister for Finance and Economic Development.

### Supporting Agricultural Growth and the Agricultural Transformation Agency (ATA)

UNDP has supported the design of Ethiopia's multi-donor funded national Agriculture Growth Programme (AGP), which targets small and medium scale farmers. UNDP has mobilized international donors behind a USD 300 million investment programme and is supporting the programme with USD 1 million annually during its implementation phase. As a natural follow up to its commitment to the capacity-building aspects of the AGP, UNDP – in collaboration with the Bill and Melinda Gates Foundation – is at the forefront of

supporting the Agricultural Transformation Agency (ATA) with USD 13.6 million financing. UNDP's support to the Ministry of Agriculture and the ATA has been key in stimulating agricultural innovation and technology adoption among farmers as well as in strengthening institutional capacity to deliver agricultural policies and support services in the sector.



We are grateful for the support and partnership UNDP has provided to ATA on a number of fronts. In addition to providing critical financial support to key aspects of our work such as strengthening farmer cooperatives and creating a digital soil map of the country, UNDP's tough partnership and content input has been vital as ATA has grown from an idea on paper to a national organization that is striving to make a transformative change in the lives of Ethiopia's smallholder farmers."

**Khalid Bomba,**  
Chief Executive Officer,  
Ethiopian Agricultural Transformation Agency

UNDP supported the development and launch of the mid-term strategy for cooperatives and seeds technology improvement, for the doubling of yield for the staple crop "teff" among others. Further support has been provided to enable a soil mapping exercise to commence, the results of which shall provide the basis for improving land use under agriculture, and enhance efficient use of fertilizers across agro-ecological zones in the country. Through UNDP's support to ATA, the country initiated a diagnostic study for streamlining the country's food reserves



management which recommended the establishment of the Food Reserves Management Agency. To promote commercialization of the agricultural sector, which is the bedrock for economic growth and industrial development, UNDP supported the government of Ethiopia to articulate a robust policy for commercial farmers through a diagnostic study of existing commercial farms in the country.

## Programme Highlights

- In 2011/12, the total trading volume of the Ethiopian Commodity Exchange, a transformative semi-autonomous entity set up by a consortium of partners which including UNDP, has increased by 23% compared to the previous year. In the same year, the trade value has also reached over 1 billion USD.
- The proportion of women benefiting from the agricultural extension service has reached about 29% in 2011/12 compared to 18.5% during the base year of GTP i.e 2009/10.
- In 2012, UNDP supported the scaling up of the Local Economic Development (LED) programme from 7 to 27 strategic cities in 5 regions and 1 city administration focusing on creating job opportunities for women and youth, particularly targeting especially the poor.
- UNDP commissioned three strategic studies for Government on the theme of Industrial Zone Development Framework, Factors Affecting Commercial Farming in Ethiopia and Conceptualization of Private Equity and Venture Capital Funds as a means of development financing in Ethiopia.

The ATA has launched a 5 year strategy on cooperatives and seed sectors enabling adoption of improved varieties of seeds, the distribution of which was formerly under strict government control. An amended seed proclamation for Ethiopia has been endorsed by the Council of Ministers and is expected to appear in Parliament in early 2013. Support has also been provided to enable a soil mapping exercise to commence. The results will provide the basis for improving agricultural land use and enhance efficient use of fertilizers across agro-ecological zones in the country.

## Private Sector Development

UNDP is becoming a key player in promoting private sector development, both at the federal and local levels. The primary objectives of its interventions are: (a) to promote an enabling environment for private sector development by building capacity of Government and private sector development support institutions; and (b) to support innovative private sector initiatives to enhance their competitiveness and to enable them to fulfil their function as the engine of growth in Ethiopia.

UNDP Ethiopia's current engagement in private sector development builds on its successful support to the start-up of Ethiopia Commodity Exchange (ECX), the first commodity exchange in Ethiopia, where buyers and sellers come together to freely trade products like coffee, assured of quality, delivery and payment.



UNDP's support has created an enabling environment for private sector development by building capacity of Government and private sector institutions. Support has been provided to Ethiopia to the All African Trade Fairs, and the Ethiopia Leather Industry Institute (LIDI). In 2012, Ethiopia's export income from semi-processed leather as well as processed leather products such as shoes and bags has reached USD 109 million depicting a 6.5% increase compared to the previous years (ERCA 2012). According to the Ministry of Industry, foreign direct investment in the leather sector has also exhibited a remarkable increase. Five foreign owned and 8 joint venture leather factories have become operational during 2012.

Another initiative that is supporting youth is **YouthStart**, through the UNCDF, which seeks to improve financial inclusion of the young population group. Financial Service Providers (FSPs) are supported to develop, pilot and roll out youth-focused financial products, especially savings, and non-financial services, like financial education.

### Local Economic Development

The Local Economic Development (LED) programme aims at promoting inclusive growth and creating productive employment opportunities for women and youth by developing capacities of the relevant public, private sectors and civil societies. The programme is active in 27 cities in five regions and in one city administration, creating enabling environments for the public and private sectors dialogue and partnerships.



The objective of our Entrepreneurship program is not to show young people where they are standing. Rather our role is to assist them identify the direction where they should be moving. This direction is towards wealth creation and self-determination."

**Eyob Tesfaye,**  
Team Leader,  
Economic Growth and Poverty Reduction

The LED programme has supported over 1,000 small and micro enterprises (SME) over the past three years. Many of them have expanded their businesses, creating over 13,000 jobs in different sectors. Over 10,000 female and male entrepreneurs improved their entrepreneurial knowledge and skills by receiving technical support from the LED experts and micro-finance institutions. About USD 500,000 (repayment funds) has been collected from the SME beneficiaries as a revolving fund. The collected amount has been re-invested for SME development and jobs creation in seven cities, through developing market-focused business proposals, following a participatory planning process. The LED conducive and enabling environment was also created for effective planning and implementation of 20 inclusive micro-finance strategies, business plans and other strategic initiatives.

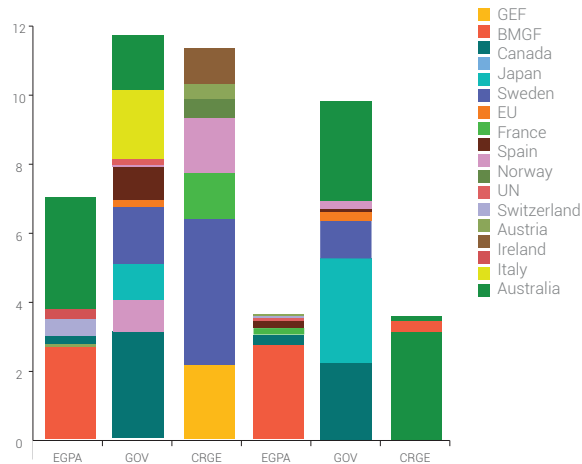
One of the LED-supported public-private partnership initiatives, the "Solid Waste Management Project" in Bahir Dar, received the 2012 World Business and Development Award at the Rio+20 Conference on Sustainable Development in Brazil, recognizing the innovative business model that delivers both commercial success and helps improve social, economic or environmental conditions.

# 3

## UNDP Resource Management

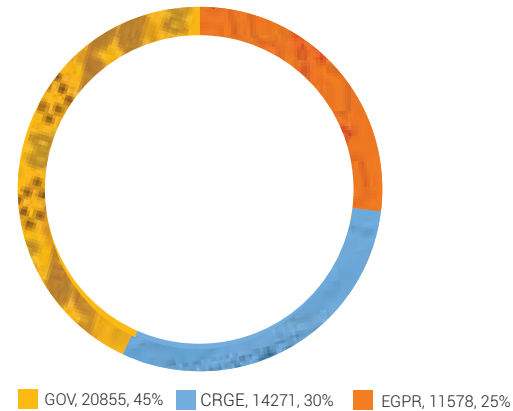


In 2012 UNDP set up a Partnership Management and Support Unit in order to strengthen the country office's work in the areas of partnerships building, resource mobilization & management; programme management and oversight support; and programme quality control, implementation, and assurance support.

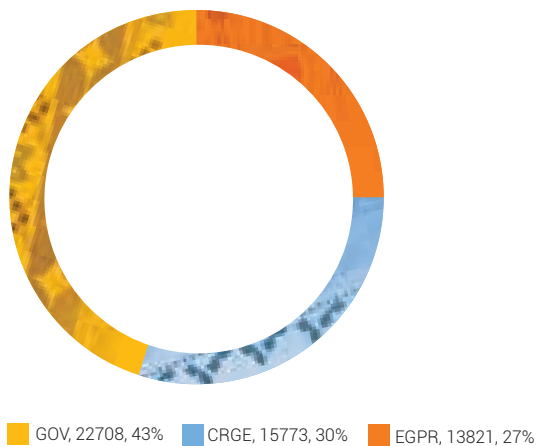


CRGE: Climate Resilient Green Economy  
GOV: Governance  
EGPR: Economic growth and poverty reduction

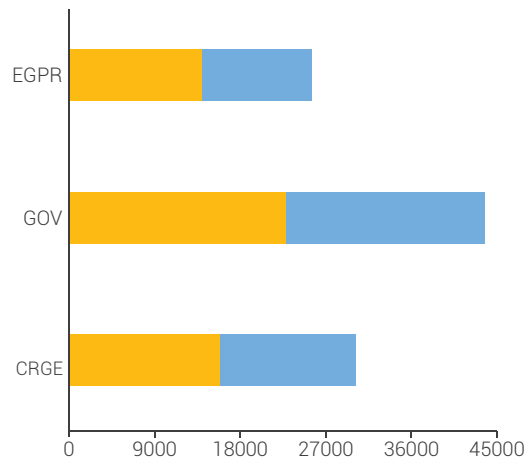
Through systematic delivery monitoring, quality assurance as well as implementation support provided to implementing partners, the Country Office managed to exceed its resource utilization target in reporting on USD 46.86 million in 2012 from USD 42.73 million and USD 36.60 million in 2011 and 2010, respectively.



CRGE: Climate Resilient Green Economy  
GOV: Governance  
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CRGE: Climate Resilient Green Economy  
GOV: Governance  
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	CRGE	GOV	EGPR
Allocation	15,773.00	22,708.00	13,821.00
Utilization	14,271.00	20,855.00	11,578.00

# 4

## The Way Forward



Despite the commendable achievements in 2012, UNDP Ethiopia needs to continue to push its programmatic envelope and improve its performance. 2013 should present a number of opportunities to do so. Going forward, UNDP Ethiopia will invest in becoming a more extroverted and partnership-oriented office. The office will also work towards becoming even more nimble and responsive to upcoming demands and enhance its 'gravitas' with regard to policy dialogue and policy discourse, with even sharper analytical products. More importantly than increasing the size of its programme, the country office will invest efforts in enhancing the number and quality of transformational initiatives it supports.

UNDP will continue to support the process of translating the current CRGE strategy into a full action plan with comprehensive sectoral investment plans, institutional arrangements, resource mobilization strategies and MRV systems including downstream demonstration activities. Support to Ethiopia's positioning as a leader in the area of climate change in both continental and global arenas will be important. Support to operationalizing the Disaster Risk Management Strategic Programme and Investment Framework will strengthen Ethiopia's resilience to shocks and disasters and therefore help to sustain development gains.

Support to catalytic initiatives of the Agricultural Transformation Agency which significantly increase agricultural production and productivity across specific value chains and linking these to strengthening domestic and export marketing through the Ethiopia Commodity Exchange will be a key strategy. Supporting a climate smart national Industrial and Entrepreneurship Development Programme will require a multi-partner and inter-governmental approach which must be strengthened in Ethiopia.

UNDP will also support strengthening of democratic governance, considering that sustaining high levels of growth and development while ensuring equity requires a politically stable environment that promotes inclusive participation of all society in the development process. Public accountability, transparency and responsiveness to the needs of the population are vital for promoting an effective and efficient public management system.

To make effective use of the resources available, UNDP Ethiopia will seek to strengthen national capacities to translate the national goals into development results through high level policy advisory and technical services; institutional strengthening and catalytic interventions that can influence national policy and be up-scaled for nationwide impact. UNDP will continue to facilitate South-South cooperation and knowledge sharing which will facilitate accelerated learning and development in Ethiopia.

A systematic approach to strategic engagement and partnership will be taken to improve programme implementation, mobilize resources and strategically position UNDP as a leader and development partner of choice in the three areas of intervention, i.e. accelerated pro-poor growth; climate resilient and green economy; and democratic governance.

UNDP Ethiopia will continue enhancing its analytical and operational capacities aimed at ensuring effective and efficient support to programme delivery and provision of high-quality services to national partners and UN agencies. In particular, the will leverage regional and corporate knowledge as Ethiopia lends itself to become a regional hub for innovation in the substantive areas that are being prioritized.







The background of the cover is composed of several overlapping diagonal stripes in vibrant colors: purple, red, teal, yellow, green, and blue. Each stripe features a different abstract pattern, including circles, squares, and organic shapes, creating a dynamic and textured visual effect.

UNITED NATIONS  
DEVELOPMENT  
PROGRAMME

2012

ANNUAL REPORT

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