

**LONG TERM PERSPECTIVES ON DEVELOPMENT IMPACTS IN  
RURAL ETHIOPIA: STAGE 3**

**MACRO LEVEL POLICIES, PROGRAMMES  
AND MODELS ENTERING RURAL  
COMMUNITIES**

**AN UPDATE IN 2013**

*Catherine Dom*

*April 2013*



## ***Acknowledgments***

This draft builds on the previous two policy review and update for Stage 1 and Stage 2 of the WIDE 3 research, and years of discussions with numerous people in and outside of Ethiopia and of continuous reflection on Ethiopia's trajectory throughout these years.

This policy review update is selective, as were the previous ones. In selecting the policy areas for review I have tried to combine continuity with the previous two papers and focus on areas which have emerged as potentially important since 2009 or 2011 such as Government policies with regard to climate change, the development of Micro and Small Enterprises, international migration, TVET and water and sanitation.

All possible mistakes and misjudgements are mines. In the limited time that this stage of the research allowed me to focus on this paper, I found that I did not have enough time to deepen the reflective part of the paper as I would have liked (sections 4 and 5). I hope to be able to return to this at a later stage.

# Macro Level Policies, Programmes and Models Entering Rural Communities - An Update in 2013

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## Acronyms and abbreviations

ADLI	Agricultural Development-Led Industrialisation
ADR	Alternative Dispute Resolution
AFDB	African Development Bank
AGP	Agricultural Growth Programme
AMU	Aid Management and Utilisation (study of the DAG)
ANC	Ante-Natal Care
ANDM	Amhara National Democratic Movement
APPP	Africa Power and Politics Programme
APR	Annual Progress Report
APRM	African Peer Review Mechanism
ARD	Agriculture and Rural Development
ARM	Annual Review Meeting
ART	Anti Retroviral Treatment
ATA	Agricultural Transformation Agency
BDS	Business Development Services
BOA	Bureau of Agriculture
BOLSA	Bureau Of Labour and Social Affairs
BPR	Business Process Re-engineering
CAADP	Comprehensive Africa Agriculture Development Programme
CAS	Country Assistance Strategy
CASCAPE	Capacity-building for Scaling-up Evidence-based Best Practices in Agriculture Production in Ethiopia
CBHI	Community-Based Health Insurance
CC	Community Conversation
CCC	Community Care Coalition
CDF	Community Development Fund
CEDAW	Committee on the Elimination of Discrimination against Women
CEM	Country Economic Memorandum
CGRE	Climate-Resilient Green Economy
CHD	Community Health Day
CFI	Chronically Food Insecure
ChSO	Charities and Societies
CLTS	Community-Led Total Sanitation
CIDA	Canadian International Development Agency
COC	Certificate Of Competence
CPI	Consumer Price Index
CPR	Contraceptive Prevalence Rate
CRC	Citizen Report Card
CRDA	Christian Relief and Development Association
CRGE	Climate Resilient Green Economy
CSA	Charities and Societies Agency
CSA	Central Statistics Agency
CSC	Community Score Card
CSJ	Community Security and Justice
CSO	Civil Society Organisation
CSP	Country Strategy Programme
CSP	Charities and Societies Proclamation
CSRP	Civil Service Reform Programme
CSSP	Civil Society Support Programme
CSTC	Community Skill Training Centre
CTE	College of Teacher Education
DA	Development Agent
DAG	Development Assistance Group

DBS	Direct Budget Support
DECSI	Dedebit Credit and Savings Institution
DFID	Department For International Development (UK)
DHS	Demographic and Health Survey
DIP	Democratic Institution Programme
DLDP	District Level Decentralisation Programme
DP	Development Partner
DPM	Deputy Prime Minister
DPPA	Disaster Preparedness and Prevention Agency
DRMFSS	Disaster and Risk Management and Food Security Sector
DS	Direct Support
DSA	Decentralisation Support Activity
DSW	Developmental Social Welfare (policy)
EC	European Commission
EDHS	Ethiopia Demographic and Health Survey
EDRI	Ethiopian Development Research Institute
EFA	Education For All
EFFORT	Endowment Fund For the Rehabilitation of Tigray
EFY	Ethiopian Fiscal Year
EGS	Employment Generating Scheme
EMIS	Education Management Information System
EPA	Environmental Protection Agency
EPAC	Ethiopian Programme of Adaptation to Climate Change
EPI	Expanded Programme of Immunisation
EPRDF	Ethiopian People's Revolutionary Democratic Front
ERHS	Ethiopian Rural Household Survey
ESAP	Ethiopia Social Accountability Programme
ESDP	Education Sector Development Programme
ESMF	Environmental and Social Management Framework
ESF	Exogenous Shocks Facility
EthioSIS	Ethiopian Soil Information System
ETP	Education and Training Policy
EU	European Union
EWS	Early Warning System
FA	Farmer Association
FBG	Federal Block Grant
FFW	Food For Work
FHH	Female-Headed Household
FP	Family Planning
FSP	Food Security Programme
FSS	Forum for Social Studies
FTA	Financial Transparency and Accountability
FTAPS	Financial Transparency and Accountability Perception Survey
FTC	Farmer Training Centre
FTI	Fast Track Initiative
FWS	Fee Waiver System
GAP	Global AIDS Programme
GAfSP	Global Agriculture and Food Security Programme
GBS	General Budget Support
GDP	Gross Domestic Product
GEQIP	General Education Quality Improvement Programme
GER	Gross Enrolment Ratio
GGP	Good Governance Package
GHE	Girl Hub Ethiopia
GHG	Green House Gas

GMP	Growth Monitoring and Promotion
GOE	Government Of Ethiopia
GRM	Grievance Redress Mechanism
GSF	Global Sanitation Fund
GTP	Growth and Transformation Plan
HAB(P)	Household Asset Building (Programme)
HDA	Health Development Army
HEP	Health Extension Package
HEW	Health Extension Worker
HH	Household
HICES	Household Income Consumption and Expenditure Survey
HIPC	Heavily Indebted and Poor Countries
HIT	Household Irrigation Technologies
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HMIS	Health Management Information System
HoF	House of Federation
HoPR	House of Peoples' Representatives
HRW	Human Rights Watch
HSDMA	Health Service Delivery Management and Administration standards
HSDP	Health Sector Development Programme
HSFR	Health Sector Financing Reform
HTP	Harmful Traditional Practice
ICT	Information and Communication Technology
IFI	International Financial Institutions
IGAD	Inter-Governmental Authority on Development (in Eastern Africa)
IMF	International Monetary Fund
INGO	International Non Government Organisation
IT	Information Technology
ITN	Insecticide-Treated Net
J-GAM	Joint Governance Assessment and Measurement
JMP	Joint Monitoring Programme
JRIS	Joint Review and Implementation Support (mission)
JRM	Joint Review Mission
JSA	Joint Staff Assessment
LALUDEP	Land Administration and Land Use Development Programme
LAO	Limited Access Order
LG	Local Government
LIFT	Land Investment For Transformation (DFID programme)
LIG	Local Investment Grant
LIU	Livelihoods Integrated Unit
M&E	Monitoring and Evaluation
MBA	Membership-Based Associations
MBO	Membership Based Organisation
MCB	Ministry of Capacity Building
MCH	Maternal and Child Health
MDG	Millennium Development Goal
MEFF	Macro-Economic and Fiscal Framework
MFI	Micro-Finance Institution
MOA	Ministry of Agriculture
MOARD	Ministry of Agriculture and Rural Development
MOE	Ministry Of Education
MOFA	Ministry of Foreign Affairs
MOFA	Ministry of Federal Affairs
MOFED	Ministry Of Finance and Economic Development
MOH	Ministry Of Health

MOLSA	Ministry of Labour and Social Affairs
MOU	Memorandum Of Understanding
MOW	Ministry Of Water
MOWA	Ministry Of Women’s Affairs
MOWE	Ministry of Water and Energy
MOWUD	Ministry of Works and Urban Development
MUAC	Mid-Upper Arm Circumference
MP	Member of Parliament
MRV	Monitoring Reporting and Verification (UNFCCC mechanism for green house gas emission trading)
MSE	Micro and Small Enterprise
MTR	Mid-Term Review
MWYCA	Ministry of Women, Youth and Children Affairs
NAPA	National Adaptation Programme of Action
NAP-GE	National Action Plan for Gender Equality
NBE	National Bank of Ethiopia
NCBP	National Capacity Building Programme
NCFS	New Coalition for Food Security
NEPS	National Employment Policy and Strategy
NER	Net Enrolment Ratio
NGO	Non Government Organisation
NHA	National Health Accounts
NRM	Natural Resource Management
O&M	Operations and Maintenance
OAo	Open Access Order
ODA	Official Development Assistance
ODI	Overseas Development Institute
OFSP	Other Food Security Programme
OLF	Oromo Liberation Front
ONLF	Ogaden National Liberation Front
OPD	Outpatients Per Day (number of visits)
OPDO	Oromia People’s Democratic Organisation
OS	Occupational Standards
P4R	Programme For Results
PAD	Project Appraisal Document
PADETES	Participatory Demonstration and Training Extension System
PANE	Poverty Action Network in Ethiopia
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PBS	Protecting/Promoting Basic Services (programme)
PDP	Peace and Development Programme
PEA	Private Employment Agency
PEP	Public Expenditure Programme
PER	Public Expenditure Review
PFSA	Pharmaceutical Fund and Supply Agency
PID	Project Information Document
PIF	(Agricultural) Policy and Investment Framework
PM	Prime Minister
PMO	Prime Minister’s Office
PMTCT	Prevention of Mother to Child Transmission
PPA	Participatory Poverty Assessment
PRS(P)	Poverty Reduction Strategy (Paper)
PSCAP	Public Sector Capacity-building Programme
PSNP	Productive Safety Net Programme
RCBP	Rural Capacity Building Programme
REDD+	Reducing Emissions from Deforestation and Forest Degradation



RED/FS	Rural Economic Development/Food Security
REST	Relief Society of Tigray
RFM	Risk Financing Mechanism
RH	Reproductive Health
RICA	Rural Investment Climate Assessment
R-PP	Readiness Preparation Proposal (for REDD+ financing)
RUSACCOs	Rural Savings And Credit Cooperatives
SA	Social Accountability
SEPDF	South Ethiopian People's Democratic Front
SDPRP	Sustainable Development and Poverty Reduction Programme
SIDA	Swedish International Development Agency
SIP	School Improvement Plan
SLM(P)	Sustainable Land Management (Programme)
SNE	Special Needs Education
SNNP(R)	Southern Nations, Nationalities and Peoples (Region)
SWAp	Sector Wide Approach
SWC	Soil and Water Conservation
TB	Tuberculosis
TDP	Teacher Development Programme
TF	Therapeutic Feeding
TGE	Transitional Government of Ethiopia
TPLF	Tigrayan People's Liberation Front
TSF	Targeted Supplementary Food
TVET	Technical and Vocational Education and Training
TWG	Technical/Thematic Working Group
UAP	Universal Access Plan
UHC	Universal Health Coverage
UN	United Nations
UNFCCC	United Nations Framework Convention for Climate Change
UNICEF	United Nations Children's Fund
UPE	Universal Primary Education
USAID	United States Agency for International Development
VCT	Voluntary Counselling and Testing
VCHW	Volunteer Community Health Worker
WA	Women Association
WASH	Water Sanitation and Hygiene
WASHCO	Water Sanitation and Hygiene Committee
WB	World Bank
WCBS	Woreda/City Benchmarking Survey
WFP	World Food Programme
WIDE	Wellbeing and Illbeing Dynamics in Ethiopia
WIF	WASH Investment Framework
WMS	Welfare Monitoring Survey
WSCC	Water Supply Sanitation Collaborative Council
YA	Youth Association

# Macro Level Policies, Programmes and Models Entering Rural Communities – An Update in 2013

## 1. Introduction

- 1) Two and a half years in the implementation of the ambitious plans outlined in the Growth and Transformation Plan (GTP) 2010/11–2014/15, recent macro trends include continued growth and expansion of basic services, accelerated investment in infrastructure development and a challenging macroeconomic context. It remains all the more important to try and understand better the impact of these trends at local rural level, and the variations among rural communities.
- 2) In the WIDE3 research the main objective is to contribute to better understanding how rural communities as dynamic open complex systems are working and how this interacts with the macro trends underway. To do this we have designed a **three-stage research programme** exploring modernisation processes since 1995 and the implementation of government policies since 2003 in **twenty exemplar rural communities**. In the research we look at how communities work and the ways in which policies and programmes designed at the macro level interact with and impact the communities, with a view to improve understanding of what happened and why sustainable development processes take root in some contexts but not others.
- 3) The research approach and the Stage 1 and Stage 2 results are presented in detail in other WIDE3 papers. This paper focuses on just one element in the research analytical frameworks. Specifically, it aims to update the research team's **understanding of the macro policies and programmes and interventions** and of how they are **negotiated between GOE and the donors**.
- 4) The paper follows on a previous policy review paper (Dom 2009) and an update (Dom 2011) prepared during the inception phases of the Stage 1 and Stage 2 of the WIDE 3 research, respectively. The 2009 paper outlined the policy trajectory in Ethiopia under the EPRDF-led government with a focus on the 2003-2009 period. The 2011 paper captured new policy directions and interventions that had arisen since mid-2009. This paper is a second update. It takes stock of new policy directions and interventions since early 2011. As in the previous papers I also propose some reflections on the evolution of the government-donor dialogue and on the government model of development for Ethiopia.
- 5) The paper is structured as follows. After this introduction the second section presents an overview of the macroeconomic and socioeconomic development context in Ethiopia by early 2013. The third section presents an update on government policies and government and donor programmes since early 2011. The fourth section is a discussion of the government dialogue with its development partners, traditional ODA providers on one side and a group of increasingly important non-traditional partners on the other side. The fifth and final section concludes by offering perspectives to try and understand the development model of the Government.
- 6) The audience of the paper is the research 'worknet' - a group of interested non-government actors (donor and a few NGO representatives, academics in and outside Ethiopia). It is a discussion paper for the research team to engage with the worknet as a way to getting their feedback and further deepening our and their understanding of the government model and their own model. Like for the previous two WIDE 3 policy papers the long-term objective is to facilitate a franker dialogue with the government.

## 2. Macro Context in Ethiopia in 2011-12

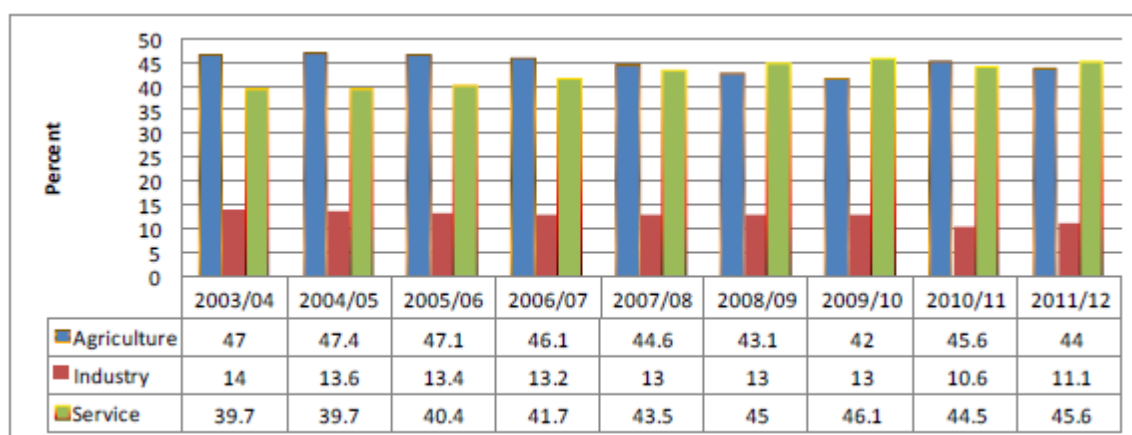
7) In the 2011-12 period reviewed in this third policy review (see Dom 2009 and Dom 2011), policies and programmes have continued to be framed by the Growth and Transformation Plan (GTP) 2010/11-2014/15 of the government and its underlying vision of Ethiopia reaching middle-income status by 2025. In this section, in light of this ambition we successively review the recent evolution of the macroeconomic framework; recent trends in poverty and in achieving the MDGs; and recent trends in food security and other types of vulnerabilities; to lastly turn to the political context. This allows getting a rounded perspective on the context within which the policies and programmes reviewed in section 3 are to be understood.

8) A number of long term development trends for Ethiopia are impressive. The recently released Human Development Report 2013 shows that Ethiopia is one of 14 countries in the world that are reported as having recorded Human Development Index gains of more than two percent annually between 2000 and 2012. With an annual average increase of about 3.1 percent a year in this period Ethiopia has the third highest Human Development Index gain in the world and the second in Africa. However, much remains to be done and the last two years have seen a number of continued and new challenges that are discussed below.

### 2.1. Continued challenging macroeconomics

9) The government clearly states that achieving the GTP vision requires both sustained double-digit economic growth rates and a **transformation of the economy** such that by 2025, agriculture would contribute no more than 29% GDP (against 44% in 2011/12) while industry would contribute 32% (and rising from 13% to 19% within the first five years of the GTP) and services the rest (39%). The graph below highlights the challenge that this intended transformation represents in light of the relatively unclear trajectory of the past 9 years.

*Composition of GDP 2003/4 – 2011/12*



Source: MoFED

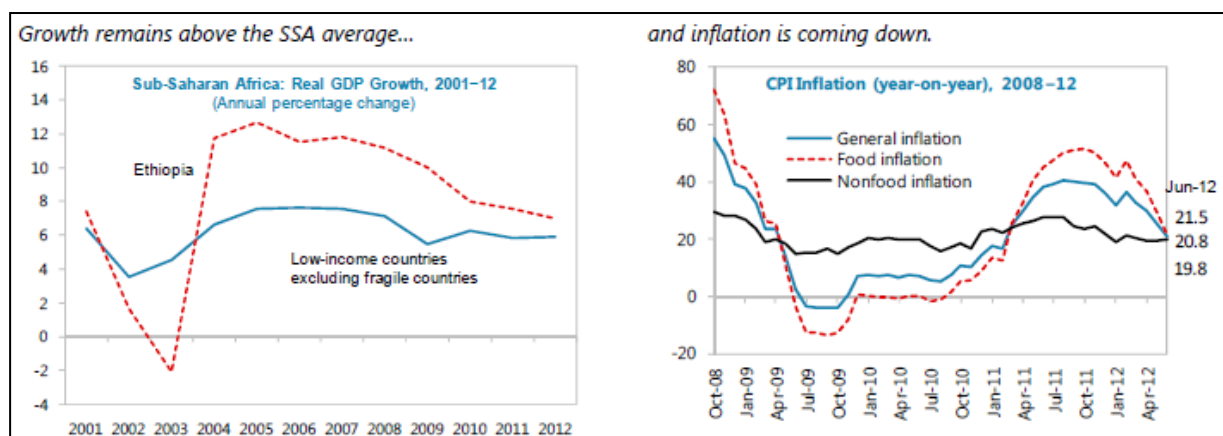
10) Since 2003/4 (Ethiopian Fiscal Year (EFY)1997), Ethiopia has experienced strong and generally broad-based real economic growth of around 10.6 percent on average between then and 2011 (World Bank Economic Update Nov 2012, GTP APR 2011/12 March 2013). There is also general agreement that Ethiopia has so far withstood the effects of the worldwide slow growth/ crisis period fairly well.

11) However, the most recent years have been less impressive than the first five in the period considered. The Government has regularly challenged the IFIs' growth rate figures for these less good years but by the Government's own estimates, growth in 2011/12 was only 8.5%, down from 11.4% a year earlier, as agricultural productivity gains slowed and industrial development was below

GTP target<sup>1</sup>. The IMF (Art IV Consultation report, Oct 2012) and the government (GTP APR 2011/12) both highlight that these lower-than-planned growth rates still keep Ethiopia's growth well above the average for Sub-Saharan countries. GOE also stresses that, in spite of this temporary slow down, over the EFY 1996-2004 period the Ethiopian economy grew at an average double-digit rate.

12) The **slower growth pace** in 2011/12 has been accompanied by a **gradual decline of inflation**, which had been a big concern since 2009/10. After a first peak, a respite and a second peak in August 2011 with year-on-year inflation at about 40%, in June 2012 it was down to 21% (IMF Oct 2012). It then went further down to 15.8% in October 2012 (WB Economic Update Nov 2012) and to 12% in February 2013. There is agreement that the reduction in inflation rates reflected the tighter fiscal and monetary stance as well as market interventions introduced by the GoE since mid-2011, as well as a general reduction in international commodity prices.

#### Growth (2001-2011) and inflation (2008-2012) in Ethiopia



13) With regard to prospects, both the IMF and the WB believes that growth rates are likely to stabilize around high one-digit figures, thus below the GTP target of continued double-digit. The government does not share this view and stresses that measures will be taken to address the lower than planned agricultural and industry growth rates in the remaining three years of implementation of the GTP<sup>2</sup>.

14) The IMF reckons that inflation could be down to 6% by 2015 but that this **further reduction may be jeopardized by big public spending on the GTP projects**.

15) Following the large devaluation in September 2010 the **real effective exchange** rate has been steadily appreciating. The IMF reckoned that in May 2012 the **birr was overvalued** in the range of 11-23%; this was cause for concern in relation to loss of competitiveness of Ethiopian exports, also undermined by high costs of doing business<sup>3</sup>. The IMF also highlighted near-term downside risks to the macro-economic framework, linked to the possibility of lower export income, remittance and aid flows if the European crisis worsened. With limited foreign financing for the GTP infrastructure investments it foresaw that *"the planned significant domestic financing could result in a further buildup of vulnerabilities"* (IMF Art IV consultation report, Oct 2012).

16) Late 2012/early 2013 the IMF and other DPs on one side and GOE on the other side disagreed on several issues, notably:

<sup>1</sup> Interview of State Minister MOFED, Dr Abraham Tekeste, by Bloomberg, 8 February 2013, followed by the issuance of a note by the National Bank of Ethiopia and MOFED on MOFED website, and the GTP Annual Progress Report for 2011/12 released in March 2013. The government's initial figure was 11.1% while the IMF estimate was 7%.

<sup>2</sup> The GTP projected Gross Domestic Product (GDP) growth is 11-15% per year from 2010 through 2015.

<sup>3</sup> In the WB Doing Business Survey, Ethiopia stands at 111/ 183 countries in 2012, down from 97/ 179 countries in 2007.

- The IMF feared that resuming the **National Bank of Ethiopia's direct financing of the government** as planned in 2012/13 could fuel again the inflation. This was not shared by the GOE which saw inflation as being primarily imported and weakly linked to domestic monetary policy. However, direct NBE financing has not yet resumed and government official stance is that it would not do so before inflation is down to one digit.
- The IMF encouraged the government to raise the **nominal interest rates (on savings)** in order to reach positive real rates (the current situation is described as a "*significant transfer from savers to borrowers, especially the public sector*"). The government's view is that low nominal rates are necessary to finance public investment and it only aims to have real rates near zero over time.
- The IMF advised to discontinue the requirement on private banks to purchase NBE bills equivalent to 27% of any new loans – which they said appeared to have a sizeable negative impact on private bank's intermediation activities hence potentially on private sector activity. The Government did not share the IMF concerns regarding the **financial sector**. However in the latest GOE-DP Technical Exchange on Macroeconomic Issues, the government noted that it had relaxed this rule for revolving credit by the private banks (PBS Secretariat 2013a and 2013b).
- The IMF raised concern about a less-than-optimal **level of foreign reserves**. The government sees them as adequate. However, as priority is given to public investment the scarcity of forex is thought by the IMF and some other international donors to affect the private sector. The government has recently decided to recentralise the distribution of forex by the NBE – a measure that had last been used under the Derg. However, in its exchange with DPs and IMF on 25 Feb 2013 the government noted that media reports of severe forex shortages had mainly been driven by speculation in the market.
- DPs and the IMF highlighted that the **growing dominance of public enterprises** in consuming available **credit** was crowding out the private sector. The IMF suggested that public enterprise investment projects should be implemented over a longer period. The government countered that there had not been a major crowding out and that it intended to continue with its model of expanding infrastructure facilities through public enterprises.

17) The IMF also saw a need for **fiscal structural reforms** with a view to raise the tax-to-GDP ratio (low, reflecting a large share of small-scale, non-commercial farms in the GDP composition and the limited openness of the economy). On its side the GOE stresses that the ongoing administrative improvements should be able to deliver the necessary revenue increases. Indeed domestic revenue collection in 2011/12 increased by 47% over 2010/11, reaching 14.6% of GDP. Within this, domestic taxes have reached 12.2% GDP<sup>4</sup>. In the latest Macroeconomic and Fiscal Framework (MEFF) 2012/13-2016/17, domestic taxes are estimated to reach 12.6% GDP in 2012/12 and 13.3% by the end of the GTP, which is below the GTP target of 15.6%. A tax potential study of the economy is currently being undertaken under PSCAP.

18) Another set of concerns revolve around the **sluggish export growth rate**, which reportedly was only 2.5% in the first three quarters of the year 2012 while it had been >20% over the past 5 years. Causes are said to be a mix of international and domestic trends, including for the latter, overvalued domestic currency mentioned above. At the same time **imports continue to grow at a substantial pace**, driven among other things by the public infrastructure project needs. As a result the trade balance of Ethiopia may have significantly deteriorated in the past one and a half year or so.

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<sup>4</sup> The GTP APR for 2011/12 indicates that tax revenue increased by 36.2% and 44.7% from 2009/10 to 2010/11 to 2011/12 so that in 2011/12 the tax revenue volume was double that collected in 2009/10.

19) **Generally the government does not seem to be ready to heed the IMF/DPs' advice of slowing down.** *"The government will conduct a mid-term review of the five- year growth plan at the end of this fiscal year"* – according to the State Minister MOFED Dr Abraham Tekeste (Feb 2013). He added that *"Projects that boost business such as the Addis Ababa-Djibouti railways and hydropower dams will be prioritized."* While noting that financing was scarce he pointed that the country was seeking further 'advances' to finance critical projects like the railway<sup>5</sup>. He also highlighted that *"Ethiopia's national savings rate as a proportion of gross domestic product increased to 16.5% from 12.8% last year as business saved for investment, bank branches were opened, people were educated about the benefits of saving and new instruments were offered, including bonds to fund ... the Grand Ethiopian Renaissance Dam."* However, some donors challenge the accuracy of the government statistics related to domestic savings which stood at 5.2% in 2009/10.

20) In spite of the disagreements on figures and policy issues, this time round the Government has allowed the publication of the Art IV Consultation report, unlike in 2011. The box below summarises the IMF longer-term orientated policy advice and the government response to it (IMF Oct 2012). Since then, Prime Minister Hailemariam has given a strong signal by meeting with the private sector to better understand their constraints and help boost their potential and contribution to the GTP (October 2012). Donors stress the importance of the authorities following this up.

*GOE-IMF dialogue over longer-term economic policies*

**IMF position** - Structural reforms are critical for sustaining high and inclusive growth. In turn, inclusive growth over an extended period is vital for progress towards poverty reduction and the MDGs. Policies should be geared towards a longer-term perspective and the provision of equity and equality of opportunity (in terms of access to markets, resources, and unbiased regulatory environment for businesses and individuals). They should focus on providing incentives for the emergence of a wide range of activities capable of creating jobs for high-skilled and low-skilled workers alike. The authorities would need to: (i) develop and implement a growth strategy that is anchored on improving productivity and creating new employment opportunities; (ii) undertake deep reforms aimed at creating a business-friendly environment, in particular by strengthening the judiciary and the regulatory framework, land registry and promoting access to financing; (iii) consider structural improvements to alleviate credit constraints and trade related restrictions; (iv) continue the privatization of commercially-run enterprises; and (v) provide opportunities for the private sector to leverage the large public investment.

**GOE response** - The authorities recognized the importance and need for continuing inclusive growth. They noted the emphasis on agriculture—a labor intensive sector—as a strategic pillar in the GTP. They underscored that they are promoting the development of non-traditional export sectors such as flowers, leather products, and textiles. They noted that they are already pursuing privatization of commercially-run enterprises.

21) In the past few years the dialogue on macroeconomic policy issues took place either in the context of the IMF Art IV consultation missions or as part of the GOE-donor dialogue around the Protecting/Promoting Basic Services. Going forward, the government has agreed that in future the dialogue on macroeconomic policy issues would be held in an alternative forum with the right blend of technical depth and senior level engagement. Until the form of this forum is jointly agreed the quarterly technical level exchanges under PBS will be maintained.

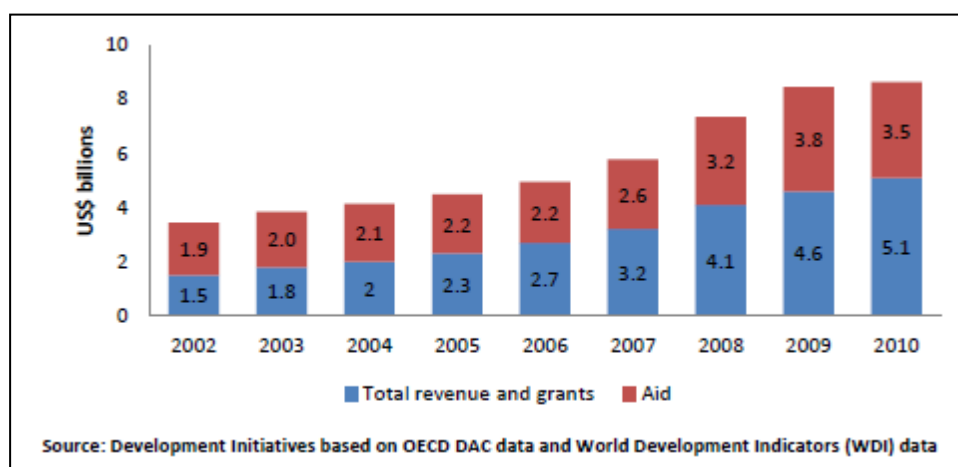
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<sup>5</sup> The government has provided guarantees on commercial loans and suppliers' credits contracted by EEPKO and ETC mostly from China. In 2012 ETC signed contracts with Chinese and Turkish companies for projects which total size is about 6% of FY2012/13 GDP. These loans are monitored and controlled by MOFED.

## 2.2. Poverty decreases but...

22) In this challenging macroeconomic context, official statistics show a continued steady decline in poverty – until 2010. And the **government budget continues to be significantly pro-poor**, with more than two-third of it allocated to pro-poor sectors. The graph below shows the very significant increase in the resource envelope available to the government from 2002 to 2010 (and budget envelopes have continued to significantly increase since then). Throughout the period the government has allocated the lion's share of public resources to education (around 25%). The share for health has not reached the Abuja target (15% of the total budget) but has significantly increased (e.g. 13.4% in 2010). As for agriculture the government largely exceeds the target of 10% of the total budget agreed in the Comprehensive African Agriculture Development Programme (CAADP)<sup>1</sup>.

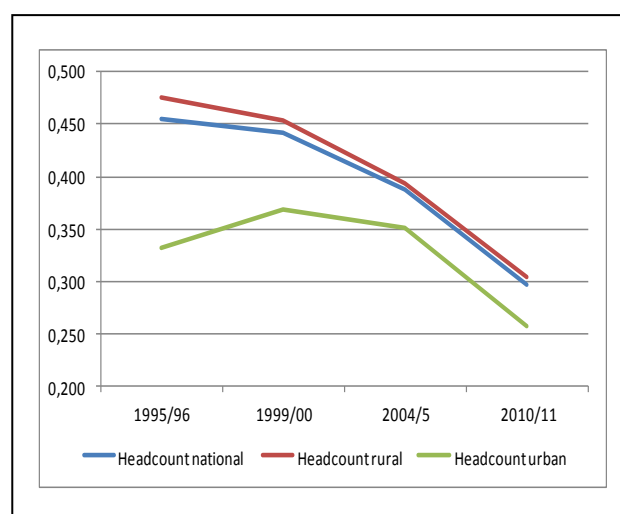
*Total revenue, grants and aid available to GOE in 2002-2010*



23) In March 2012 the government released a preliminary report based on the Household Income, Consumption and Expenditure Survey 2010. Actual trends, summarized in the table and graphs below, **support earlier projections of decreasing poverty** (see Dom 2011).

*Poverty indices 1995/6 – 2010/11*

Poverty indices over time	1995/96	1999/00	2004/5	2010/11
<b>National</b>				
Head count index <sup>2</sup>	0,455	0,442	0,387	0,296
Poverty gap index	0,129	0,119	0,083	0,078
Poverty severity index	0,051	0,045	0,027	0,031
<b>Rural</b>				
Head count index	0,475	0,454	0,393	0,304
Poverty gap index	0,134	0,122	0,085	0,080
Poverty severity index	0,053	0,046	0,027	0,032
<b>Urban</b>				
Head count index	0,332	0,369	0,351	0,257
Poverty gap index	0,099	0,101	0,077	0,069
Poverty severity index	0,041	0,039	0,026	0,027
<b>Tigray rural</b>	<b>0,579</b>	<b>0,616</b>	<b>0,510</b>	<b>0,365</b>
<b>Amhara rural</b>	<b>0,567</b>	<b>0,429</b>	<b>0,404</b>	<b>0,307</b>
<b>Oromia rural</b>	<b>0,347</b>	<b>0,404</b>	<b>0,372</b>	<b>0,293</b>
<b>SNNPR rural</b>	<b>0,565</b>	<b>0,517</b>	<b>0,382</b>	<b>0,300</b>



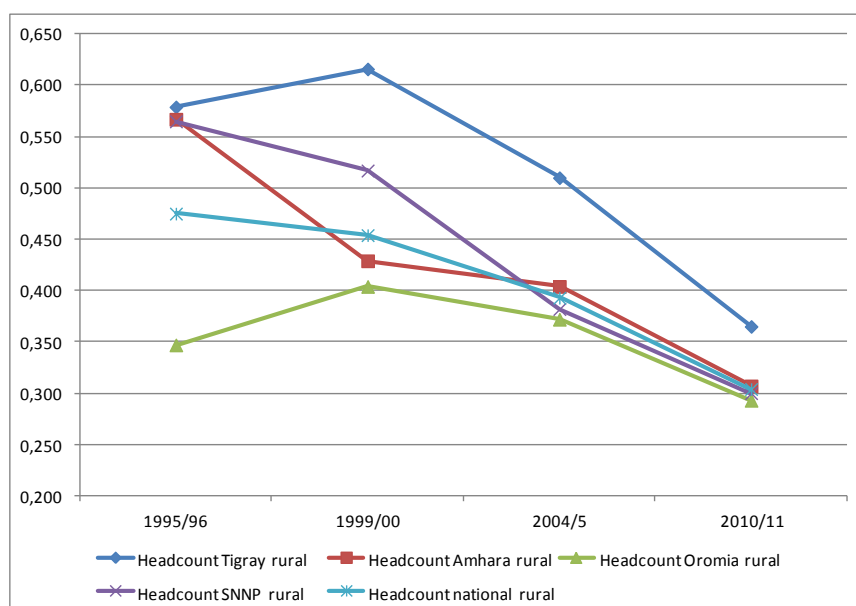
<sup>1</sup> See *Ethiopia: Resources for poverty eradication: A background paper*, P. Nganwa, February 2013, Development Initiatives

<sup>2</sup> Head count index = share of population whose income/consumption is below poverty line. Gap index = total resources needed to bring all poor people to poverty line. Severity: higher weight placed on households farther from the poverty line.

24) The data show that much of the recent decline in the headcount index is due to a decline after a surge in urban areas. The decline in both urban and rural areas has been much sharper in the PASDEP period than in the previous five years. The rural headcount index and poverty gap decreased from 2004/5 to 2010: proportionally fewer people were poor in 2010 than in 2004/5 and they were less deeply poor (fewer resources needed to bring them all to the level of the poverty line). But the poverty severity index in rural areas has increased from 2004/5 to 2010, highlighting that inequality is starting to rise.

25) The second graph (below) shows the **trends for the four largest Regions** (Amhara, Oromia, SNNP and Tigray). These **differ markedly**. While the proportion of poor people increased quite dramatically in Tigray and in Oromia in the 1995/96-1999/00 period (though from a less severe baseline in Oromia) it was on the contrary decreasing spectacularly in Amhara and decreasing though somewhat less fast in SNNPR. **The more recent trends converge, with a decrease in headcount in all Regions**. Tigray still has slightly more poor people than the national average and the other three Regions, but the Region has also experienced the fastest decline in poverty headcount since 1999/00.

Regional poverty trends 1994/5-2010/11



26) It is important to note that the HICES fieldwork took place **before inflation started to rise** in October 2010 and followed the pattern showed above. The government has not analysed the impact of inflation on poverty trends. The GTP annual progress report for 2011/12 states that *‘to stabilize the domestic market and protect the low income group of the community from the inflationary pressure, the Government has imported and distributed wheat, edible oil and sugar’* for the urban poor and does not dwell on effects in rural areas. The report also stresses that

*... the most effective solution to ensure stable prices is to further enhance productivity of the agriculture sector and accelerate rapid growth of the manufacturing industry... accompanied by massive creation of productive employment opportunities in urban and rural areas.*

27) In its Economic Update (Nov 2012) the World Bank highlights the following more nuanced points:

- Results in terms of **effects of inflation on the poor** are more **ambiguous in rural areas** as net sellers of food might see an increase in their incomes due to higher prices of the foodcrop they sell and this could lead them to invest further. But this effect may be offset by a multiplicity of other factors. (Separately from the WB study: in the food insecure Stage 2 communities of the WIDE 3 research inflation indeed was mentioned as an encouraging factor for the households able to produce surpluses for the market).



- Individuals in different quintiles of expenditures face different inflation rates linked to differences in the quintiles' consumption bundles. During both periods of high inflation, **poorer groups of the population** faced **significantly higher inflation rates** than the richest quintile. This is likely to be driven by the **incidence of food expenditure** in the budgets of households. The (food and other) price shock would hit the poor harder.
- **Regional differences** were even more **striking** than differences by quintile. This is probably related to different weather conditions and other factors like level of market integration, spatial connectivity, degree of reliance of local production and the extent to which households meet their needs through own production. (It is important to note that these factors can vary quite significantly between villages; even for the weather, which is usually considered as a covariate factor for villages in relatively large areas, there is evidence of differences between land plots when parts of one kebele are in different climatic zones).

28) The WB concludes that overall, the rising consumer prices on expenditures led to an estimated **increase in the number of poor people of around 1.8 million**. In its Country Partnership Strategy it also stresses the challenge of just keeping up with population growth, so that *'despite double-digit economic growth and substantial decreases in the percentage of the population below the national poverty line, the absolute number of poor is almost the same as 15 years ago'*. Moreover and as discussed below a significant proportion of the population remains very vulnerable to shocks.

29) Finally, macro measures seem to indicate that inequality in Ethiopia had not increased<sup>3</sup>. However, it probably has not decreased either. So far inequality does not appear to have made it to the top of the policy agenda in Ethiopia. Yet, analysing long term impacts of inequality between young children, for instance, is quite sobering<sup>4</sup>.

#### Inequality among Ethiopian children<sup>5</sup>

In the cohort of age 2 children they visited around 2000, the Young Lives team distinguished between the 'poor' and the 'very poor'. They saw that at the age of 2:

- One in four of the less poor children were stunted compared with half of the poorest children.

By the age of 5:

- Three-quarters of the less poor group of children had had some experience of pre-school, compared to just 3% of the poorest children.

By the age of 8:

- Nine out of ten of the less poor children were in school compared to only half of the poorest children. Even if they were in school, only about a third of the less poor children were able to read and write without errors. But among the poorest children, it was just one in fifty.
- Finally, they asked the children how they feel about their lives. Two in five of the less poor group reported having a good life, twice as many as the poorest group (one in five). The poorest children were also three times more likely to report having a bad life.

The bottom line is simple. **Almost all of these children are doing less well than they could and should be. But the poorest children do systematically worse** across a whole range of different indicators and at different ages. Policymakers therefore need to think both about how children are doing overall and average and they urgently need to address the disparities between groups.

<sup>3</sup> See e.g. "inequality between the poor and the rich, he confirmed Ethiopia's wealth inequality is at about 0.34 %, which is the lowest rate in the world", said a senior UNDP economist at the launch of the report in Addis Ababa on 14 March 2013 (<http://www.ertagov.com/en/home/34-top1-news/1706-ethiopia-3rd-world-fastest-in-human-development.html>).

<sup>4</sup> See *Growing Up with the Promise of the MDGs*, Young Lives for Save the Children, March 2013.

<sup>5</sup> See <http://www.younglives.org.uk/what-we-do/news/comment-inequalities-affect-how-children-grow-up>

## 2.3. Progress towards the MDGs and gaps

30) There has been no new report on the MDG achievements since the Stage 2 WIDE 3 policy update (Dom 2011). An annual GTP review report for the year 2010/11 has been released in March 2012; the following report has been issued on 6<sup>th</sup> March 2013. The table below reports on selected targets and 2010/11 and 2011/12 achievements of the GTP, trying to build some continuity since the SDPRP and PASDEP indicators and achievements. Results above targets are highlighted in green.

*Table 1: SDPRP/PASDEP achievements and GTP targets*

	2002/3	2007/8	2009/10	2010/11	2011/12 Planned	2011/12 Actual	2014/15
<b>Education</b>							
Primary Gross Enrolment Rate	64.40%	96.70%	95.70%	96.4%	100.3%	95.4%	112.10%
Primary Net Enrolment Rate			87.90%	85.3%	91.5%	85.4%	100.00%
Average repetition rate Gr 4-8	9.80%	11.60%	5.80%	9.8%			1.00%
Primary school dropout rate	19.20%	18.70%	10.80%				1.00%
Primary school completion rate			74.0%	69.1%		73.8%	79%
Pupil-teacher ratio	64		57	51		50	50
Adult education participation rate			36%	37.5%		37%	95%
GER general secondary (Gr9-10)			40%	38.4%	45.7%	36.9%	62%
Undergrad intake in GOE institutions			185,788	444,553	310,120	491,871	467,445
TVET intake capacity (total incl private)				371,347	881,494	335,058	1,127,330
<b>Health</b>							
Infant Mortality Rate (per 1,000 live birth)			77			59	31
Under-5 Mortality Rate (/1,000 live birth)	140		101			88	68
Maternal Mortality (per 100,000 deaths)			590		503	676	267
% deliveries with trained health staff		20.3	25	16.6	38	20.4	60
Contraceptive prevalence rate	21.5%	51%	32%	29%			66%
Out Patient visit (Days) per capita	0.36	0.25	0.2				0.7
DPT3 coverage	50,40%	81%	82%	85%	89%	85%	96%
Primary health coverage (%)			90%		100%	96%	100%
Doctor: population	1:28,339	1:30,493	1:37,996			1:30,158	1:5,500
Nurses: population	1:4,882	1:4,690	1:4,725	1:3,012			1:2,500
HEWs: population		1:3,159	1:2,500	1:2,647			1:2,500
<b>Agriculture &amp; Food Security</b>							
No. Hhs covered by extension (5)	4.1 mn	816,427	5,090,000	9,044,000	9,964,000	10,505,000	14,640,000
Fertilizer use (metric tons)	277,000	450,000	830,000	818,050	1,087,000	1,170,000	1,660,000
No. Cooperatives	817		33,636				56,904
No. households participating in PSNP			7,100,000	7,700,000	3,600,000	7,600,000	1,300,000
<b>Water &amp; sanitation</b>							
Access to potable water (%)	37,9	59,5	68,5	73.3	81	79.8	98,5
Rural	29,5	53,3	65,8	71.3	80	78.1	98
Urban	83,1	86,2	91,5	92.5	95	88	100
Annual increase in small scale modern irrigation (million has)	73.854		853	1064	1100	1460	1850
Annual increase in medium/large- scale irrigation (has)	1.000		127,243	32,034	100,234	42,229	98,475
<b>Roads</b>							
Av time for all-weather roads	5.7	4.2	3.7	3.5	2.3	2.9	1.4
Road density/area (1,000km2)	33.2	40.1	44.5	48.1	71.9	57.4	123.7
Road density/1,000 pop	0.51		0.64	0.66	0.98	0.75	1.54

Sources: PASDEP APR 2007/8, GTP (2010), ESDP IV & HSDP IV (2010), Agriculture Policy & Investment Framework (2010), GTP annual report for 2010/11 and for 2011/12 (draft)

31) In the GTP APR for 2011/12 the government gives its own assessment of the likelihood of reaching the MDGs. In view of the significant decrease in poverty headcount from 2004/5 to 2010, **GOE believes that halving poverty by 2015** (headcount 22.2%) is **achievable** (implicitly dismissing the 'inflation threat' raised by DPs). It sees that the country is **approaching the MDG target of universal access to primary education** although efforts are required to address the lag observed in some areas. The significant progress observed with regard to **child health** (see below) indicates that '*the relevant MDG target will be met*'. But **slow progress** with regard to maternal health calls for '*concerted efforts to meet the MDG target of reducing maternal mortality in 2015*'.

32) A number of donors appear to be increasingly dissatisfied with the predominantly quantitative reporting on progress in implementing the GTP. On the one hand, explanations on why targets are met or not are brief and not very informative, or not given altogether. On the other hand, other reports do not always tally with the quantitative GTP APR data. Related **issues of data quality** are also regularly raised, notably in the context of the Protecting/Promoting Basic Services programme<sup>1</sup>.

33) In relation to the MDG focal areas a number of other important reports have been issued in 2012 notably, the preliminary report on the HICES 2010/11 mentioned above, the Ethiopian Demographic and Health Survey (EDHS) 2011 report and the Welfare Monitoring Report (WMS) 2011 report (all issued in 2012). A number of trends were striking, as follows<sup>2</sup>:

#### Access to infrastructure services

- 60.3% rural households had a pit latrine in 2011 against 4.4% in 1996 and 20% in 2004 (WMS).
- 42% rural households had access to an improved water source (9.6% in 1996 and 25.2% in 2005) however, about 2/3<sup>rd</sup> need more than 30 min round trip to fetch water (WMS).
- 34% rural households had a radio, 12.8% had a mobile phone, 1.1% had a TV in 2011 (WMS)

#### Social services

- The literacy rate in 2011 reached 39.5%, up from 30.9% in 2004. However, the gender gap is still wide (30% against 50% for men) (WMS).
- School attendance at primary level was recorded to be NER 64.5 (with the urban rate almost 20% points above the rural) and GER 88%. This is not comparable to the 2005 data as the school system was modified shortly before 2005. There are significant variations between Regions (NER in Oromia 60%, in Tigray 75%). The data shows a big decrease in the dropout rate between 2004 and 2011 whereas it had fluctuated all along from 1996 to 2004 (WMS).
- Fertility declined only modestly over past decade (4.8 children against 5.5 in 2000)<sup>3</sup>; the good news is that most of the decline occurred in the latter part of the period, between 2005 (5.4) and 2011 (4.8). The age of 1<sup>st</sup> marriage for women is slowly increasing (now 16.5 for 25-49 women) and is higher for women with education (women with more than secondary education got married almost 8 years later than those with no education). The **total wanted fertility rate** (TWFR) in Ethiopia was 3.0 children per woman, 1.8 fewer than the actual total fertility rate (TFR) of 4.8. The TFR was **60 percent higher than it would be if unwanted births were avoided**.
- Knowledge of contraception was nearly universal. Three in every ten currently married women (29%) were using a method of contraception, mostly modern methods (27 percent). By far the most popular modern method, used by 21% of currently married women, was injectables. The

<sup>1</sup> E.g. in the November 2012 JRIS aide-memoire the DPs queried government figures for PBS indicators on agricultural production and access to clean water. The same figures are nonetheless those found in the GTP APR of March 2013.

<sup>2</sup> The data and trends are from the Ethiopian Demographics and Health Survey (EDHS) except if mentioned otherwise.

<sup>3</sup> See <http://www.economist.com/node/21555571>: You might expect that countries which reduced their birth rates the most would also have cut child mortality comparably. This is because such countries have moved furthest along the demographic transition from poor, high-fertility status to richer, low-fertility status. But it turns out that is only partly true... The link between mortality and broader demographic change seems weak.

use of modern methods among currently married women had increased from 6% in the 2000 EDHS to 27% in the 2011 EDHS—largely due to the sharp increase in the use of injectables, from 3% in 2000 to 21% in 2011. The use of contraception sharply rose with the education level (22% for women without education vs. 53% for women with secondary education). It also was a lot higher for the highest quintile women (48%) than for the lowest quintile (13%)<sup>4</sup>.

- The government sector was the major provider of contraceptive methods, catering to more than eight in every ten users of modern contraceptive methods (82%). Still, twenty-five percent of currently married women had an unmet need for family planning services; 16 percent had an unmet need for spacing, and 9 percent had an unmet need for limiting. Unmet demand was much higher in rural areas (27.5%) than in urban area (15%) and also highest for poorest and least educated women. In spite of the HEW deployment, only 15% of non-users reported having been visited by a health worker at home who engaged in a discussion about family planning.
- **Infant mortality declined by 39% over the 15 years** between the 2000 EDHS and the 2011 EDHS. **Under-five mortality declined by 47% over the same period.** This was presented as a significant achievement linked to the deployment of HEWs in villages, providing basic sanitation, hygiene and MCH services. The EDHS report commented that further gains were likely to be possible as in some areas in which HEWs had only been deployed recently, but that further improvements in curative care at health facilities was also required.
- Progress in maternal health was much slower. 34% of pregnant women got ante-natal care in 2010 against 28% in 2005. Regional variations were large (50% in Tigray vs. 27% in SNNP) as well as between rural (26%) and urban (76%) areas, lowest (17%) and highest (75%) quintile and with education level.
- Only 10% of births in the past five years before 2011 were delivered by a skilled provider (double the proportion of 2005 but still very low). The difference between urban and rural areas was striking (50% vs. 4%). 70% women with secondary education gave birth with a skilled provider. Six women in ten stated that delivering at a health facility was not necessary, and three in ten that it was not customary.
- In rural areas the following reasons were given for not accessing health services:
  - Transport needed 81.3%
  - Distance 77.1%
  - Money 72.8%
  - Workload at home/farm 65.9%
  - Not wanting to go alone 63.9%
  - Concern no drugs 62.4%
  - Concern no service provider 59.6%
  - Concern no female service provider 58.1%
  - Permission 32.6%

With some strong regional variations (e.g. in Tigray only 5.8% of women have problems linked to permission, against 36% in SNNP).
- With this slow progress, **in 2010 maternal deaths accounted for 30% of all deaths of women aged 15-49.** For every 1,000 live births during the seven years preceding the 2011 EDHS about seven women died during pregnancy, during childbirth or within two months of childbirth. This number is not significantly different from those reported in the 2000 and 2005 EDHS.
- Child vaccination also progressed rather slowly. Only one in four children age 12-23 months were fully vaccinated, a 19% increase from the level reported in the 2005 EDHS. Again there were very large regional variations (Tigray 59%, Amhara 26.3%, Oromia 15.6%, SNNP 24.1%), possibly reflecting the speed at which Regions prioritized and/or were able to deploy HEWs.

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<sup>4</sup> Clearly, education and income level are related so these are expected trends.

- The proportion of children with diarrhea for whom advice or treatment was sought from a health care provider increased from 13% in 2000 to 22% in 2005 and 32% in 2011. For these indicators like for the previous ones, the differences between urban and rural areas and depending on the women's education level were large.
- The proportion of children affected by malnutrition declined but **stunting**, which indicates chronic malnutrition, was **still very high** (44% in 2010, down from 58% in 2000 and 51% in 2005). There were (rural/ urban, education levels and regional) differences but less striking.
- HIV/AIDS awareness was expanding but still shallow. Comprehensive knowledge was not common (19% women and 32% men); in rural areas women with awareness represented only 13.3%; younger women were slightly more likely to be aware (18.7%). Young men were not more likely to be aware than men of other age groups. Men were also more aware than women about mother-child transmission and the existence of medicine reducing risks. Testing practices seemed on the rise though. In 2010 more than one in four 15-24 young men and women were tested, up from 6% for men and 2% for women, respectively, in 2005. Differences linked to education levels were high especially for women: a woman with secondary education was five times more likely to have been tested than a woman with no education.
- HIV/AIDS prevalence had remained low at 1.5% (compared with 1.4% in the EDHS 2005), with large variations (e.g. prevalence six and a half time higher for urban women than for rural women; highest among women age 30-34 and men age 35-39; and highest in Gambella at 6.5%). The government GAP report (2012) highlighted that the future bodes well as there had been a decline of more than 25% in new HIV infections in a year<sup>5</sup>. However with 759,000 PLWHAs Ethiopia is among the highly affected countries.

34) The GTP annual report gives a number of other trends which, although not directly related to achieving the MDGs, are important considering the country's broader development trajectory and what we found in the Stage 2 research in eight food-insecure villages. Here are a few selected indicators and 2011/12 achievements. The green highlights indicate actual achievements above the GTP targets (and in the case of housing development and MSE-related employment and cobble stone paving this is the second consecutive year that this happens).

	2009/10 baseline	2010/11 actual	2011/12 planned	2011/12 actual	GTP target
Electricity coverage	41%	46%	55%	48.5%	75%
Mobile service subscribers (millions)	6.52	10.7	16.6	17.2	40
Employment generated under integrated housing development ('000)	44	176	25	193	182
Employment created by micro-and-small enterprises (MSE) (millions)		0.542	0.554	1.148	3.0
Urban cobble stone road construction (km)		222	105	246	3738

35) Longer term trends should not be forgotten. The recently launched UNDP Human Development Report 2013 shows that Ethiopia is the **3<sup>rd</sup> world-fastest in the world in gains in the Human Development Index between 2000 and 2012**, and the second fastest in Africa. But the country still is **ranked 173 among 187 countries and territories**. Looking at each of the indicators, between 1980 and 2012 Ethiopia's life expectancy at birth increased by 15.8 years, mean years of schooling increased by 0.7 years and expected years of schooling increased by 6.3 years. Ethiopia's GNI per capita increased by about 102 percent between 1985 and 2012<sup>6</sup>.

<sup>5</sup> **HIV incidence:** The estimated number of persons newly infected with HIV during a specified time period (e.g., a year). **HIV prevalence:** The number of persons living with HIV at a given time regardless of the time of infection, whether the person has received a diagnosis (aware of infection), or the stage of HIV disease.

<sup>6</sup> See *The Rise of the South: Human Progress in a Diverse World, Explanatory Note for Ethiopia*, UNDP, March 2013.

## 2.4. Food (in-)security and other vulnerabilities

36) Food insecurity is a long-standing and major factor of vulnerability in Ethiopia. The interim HICES 2010/11 report indicates that food poverty has decreased faster between 2004/5 and 2010/11 than in the previous period. However, food poverty continued to be higher and more severe in rural than in urban areas and the decline between 2004/5 and 2010/11 is much less pronounced in rural areas than in urban areas. The 2010 data shows that 32% of the rural population falls below the food poverty line. More recent statistics suggest a small decline to 28% (GTP APR 2011/2).

37) In the weredas recognized as **chronically food-insecure** (CFI) in 2005 when the Productive Safety Net Programme (PSNP) started, food insecurity is addressed by what is supposed to be a **continuum of interventions**. This comprises of (i) the PSNP regular transfers, (ii) the PSNP contingency budgets allowing weredas and Regions to further extend PSNP support, (iii) a new Risk Financing Mechanism (RFM) triggering further larger-scale support if need be (based on a revised annual need assessment system also triggering emergency aid in non-CFI weredas), and (iv) emergency aid in case the RFM cannot cover all needs. In CFI weredas these **life and livelihood protection measures combined** with measures aimed to support households in diversifying income sources and increasing their productive assets (through the **Household Asset Building Programme/ HABP**), together with other components of the Food Security Programme, are supposed to graduate households out of food insecurity. In **non-PSNP weredas there is only emergency food aid**.

38) The PSNP and HABP have been independently assessed in 2010 and more recently in 2012; the data from the latter is not yet available. The 2010 assessment shows that **for the concerned households** the PSNP has **arrested and actually reversed deteriorating trends in livelihoods** observed prior to the programme; has proven its effectiveness in **protecting assets during shocks**; has **reduced the food gap** by an average 28%; has brought up **increased access to services** and improved **rehabilitation of the natural resource base** for the communities at large. The HABP rollout had been slow and it was not yet possible to ascertain its effects in full, although the evidence at hand suggested that households that had benefited from both PSNP and the OFSP packages (before the HABP) achieved better outcomes than those which had benefited from PSNP only.

39) However, **broader food security trends are mixed** for the past three years.

- The PSNP caseload has started to decline (from 7,642,068 people in 2011/12 to 6,889,880 millions in 2012/13). The number of graduated households has been rising (a total of 2,210,884 people belonged to graduated households by the end of 2011/12). However, during the recently completed mid-term review (MTR) of the PSNP and HABP donors continued to express concern about the sustainability of the graduations achieved so far.
- The MTR also noted that there was some evidence that the current PSNP caseload might not cover the actual chronic food insecurity needs in the CFI weredas and kebeles. It was agreed to complete a review of the chronic caseload, based on the analysis of the emergency caseloads in previous years so that the authorities could consider the issue of the 'real caseload' based on firmer evidence.
- In the course of the year 2011 the RFM was triggered to provide assistance to approximately 9.6 million people in addition to the existing PSNP 'clients', from September to December. This successfully mitigated the effects of the severe drought which led to famine in neighbouring countries, but it also shows the **prevailing high level of vulnerability of a large number of people in the CFI weredas**.
- In the **non-CFI weredas**, after the **high level of transitory food insecurity of 2010 and 2011** (5.2 million people in need of support in 2010, 4.5 million in July to Dec 2011) the situation has **improved thanks to relatively better rainfall**, as shown in the box below.

### Transitory food insecurity in 2012

In January 2012 harvest prospects were favourable in most parts of the country thanks to good 'main' rains, but the impact of better rains especially in pastoralist areas was still minimal as full recovery would take longer. An estimated 3.2 million people needed assistance in 2012, according to the GOE-donor Humanitarian Requirements report of January 2012.

However, belg rains were poor in 2012, leading to a deteriorating food security situation in some belg growing areas. In most pastoralist and agro-pastoralist areas consecutive good seasonal rains were positively felt except in some pocket areas. An estimated 3.76 million people needed assistance from Aug to Dec 2012 according to the GOE-donor HR report of August 2012.

In February 2013 the government and donors noted the good performance of the 2012 *meher/deyr/karma* (main) rains leading to improved food security in most parts of the country. Poor (early 2013) seasonal rains meant that pocket pastoralist areas and belg-producing areas would require close supervision. An estimate 2.4 million people needed relief assistance in Jan to June 2013.

40) The PSNP/HABP mid-term review stressed the importance of strengthening the measures aimed at off-farm diversification. The WIDE 3 Stage 2 findings suggest that this will indeed likely be indispensable in many food insecure areas (and this may well be the case in food secure areas too given the rising pressure on land).

41) **Other vulnerabilities** have been better identified in the past couple of years through the ongoing process of developing a national social protection policy (still in draft, see section 3.5). The **types of vulnerability** said to be prevalent in Ethiopia include natural calamities, economic shocks, health and nutrition risks and demographic vulnerabilities linked to population pressure, as well as climate change-related agricultural and other vulnerabilities. In addition there are **categories of structurally vulnerable people** including older people (3.7 million over 60), People Living With HIV/AIDS, orphans (3.8 million) and People With Disabilities (865,000). The labour market is not well developed in Ethiopia and **un(der)employment** is a major concern, together with child labour. Moreover, while **basic service** coverage has considerably improved over the last decade, very poor people continue to face **barriers** that prevent them from accessing these services.

42) So far, public interventions beyond food security have been insufficient in coverage, poorly coordinated and unbalanced in relation to the groups mentioned above. The **national social protection policy** (draft) aims to provide an overarching framework addressing these shortcomings.



## 2.5. Political context

43) The political context of the past two years has been dominated by the death of Meles Zenawi – who had led the country since the EPRDF defeated the Derg in 1991 (as Ethiopia’s Prime Minister since 1995). The news of his death on 20<sup>th</sup> August 2012 came after several months of absence that had aroused all sorts of conjecturing while government officials until the very end issued reassuring messages. To this date the causes of his death have not been made public.

44) The event prompted further flurries of writings on **Meles’s legacy** and making conjectures and predictions on the **post-Meles transition**, both types ranging from one end of the spectrum to the other. As noted a few months later by Alex De Waal, *‘in the months following his death... Ethiopia’s Prime Minister Meles Zenawi has been eulogized and demonized in equal measures’*<sup>1</sup> by a very wide range of stakeholders, including the official Chinese TV (*‘Meles, the man who gave back’*<sup>2</sup>).

45) As for the immediate post-Meles situation, at one end doom-and-gloom scenarios pointed at high risks of or even predicted a failed transition and a perhaps violent unraveling of the country’s internal stability due to institutional vacuum and/or EPRDF internal infighting<sup>3</sup>. At the other end there was all-out confidence that a peaceful transition would evolve and continuity would be assured – notably but not exclusively in the official discourse<sup>4</sup>. Scholars reflecting on African regimes and transitions more broadly highlighted the **one factor** that in their views would **determine** the short and longer term trajectory as being what would happen **within Ethiopia’s ruling party**.

Tim Kelsall, talking about *‘the sustainability of the national trajectory initiated by an exceptional leader’*, concludes that *‘the critical vehicle for controlling the disruptive and potentially fatal impacts of a leadership transition is not the electoral system or parliament. It is the ruling or dominant political party’*<sup>5</sup>.

David Booth therefore thought that *‘all eyes needed to be focused on the processes now taking place in Ethiopia’s TPLF and EPRDF, as well as around new Prime Minister Desalegn’*<sup>6</sup>.

46) Early measures signalled that **stability and continuity** would be **top priorities**. Hailemariam Desalegn, who had been Meles’s Deputy Prime Minister since 2010 as well as Minister of Foreign Affairs, was appointed Prime Minister and elected Chairman of the EPRDF in September 2012. The decisions made at the just concluded Congresses of the four constituent parties of the EPRDF and the 9<sup>th</sup> Congress of the EPRDF, all held in March 2013, are marked by the same affirmation of stability and continuity – as illustrated by the theme of the EPRDF congress (*“With the ideas of Meles, a stronger organization and development forces for the Renaissance”*)<sup>7</sup>.

47) The Congresses have also **upheld continuity in the change** that Meles had initiated through a **‘succession plan’ for the EPRDF leadership** - which he had summarised for Peter Gill saying that

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<sup>1</sup> *‘The theory and practice of Meles Zenawi’*, Alex De Waal, published in African Affairs in December 2012, and also found at <http://danielberhane.com/2012/12/08/the-theory-and-practice-of-meles-zenawi-alex-de-waal/>

<sup>2</sup> See <http://english.cntv.cn/program/facesofafrica/20130121/100517.shtml>

<sup>3</sup> See e.g. the International Crisis Group Policy Briefing No.89 of 22 August 2012 ‘Ethiopia after Meles’ at the doom-and-gloom end, as well as many blogs from Ethiopians and non-Ethiopians alike and media articles (e.g. <http://www.guardian.co.uk/world/2012/aug/21/meles-zenawi-death-instability-ethiopia>).

<sup>4</sup> In his first press interview the ex-Deputy PM Hailemariam Desalegn was stating that *“the members of the government and leadership of the country would work together, collectively contributing their level best to implement the policies and strategies already laid down and registering tangible results. He affirmed the commitment and readiness of the leadership; and he urged the people of Ethiopia to stand by the side of the new generation of leaders of the nation to fully support the Growth and Transformation Plan”* (interview reported in ‘A week in the Horn’ 24<sup>th</sup> Aug 2012).

<sup>5</sup> See <http://www.naiforum.org/2012/08/africa-vs-southeast-asia/> written a few days before the news of Meles’s death.

<sup>6</sup> See <http://www.naiforum.org/2012/08/meles-zenawi-leadership-and-transformation/> written a few days after.

<sup>7</sup> See for instance <http://www.mfa.gov.et/news/more.php?newsid=1793>



*'sometimes during the next term (2010-2015) the whole (old) leadership has to go'<sup>8</sup>. The so-called 'transition plan' was launched at the previous EPRDF convention in 2010, when a first batch of the 'veterans of the armed struggle' stepped down from their high positions, both in government and in the party. The exception was the SEDPM (in the Southern Region) considered as too young to have many leaders old enough to have to leave.*

48) Since then the transition plan has also attracted a fair share of (mainly internet-based) writings, with some observers doubting the existence of a well-organised plan while others more fundamentally doubt the fact that there will be a transition at all (because the old guard would stay or continue to lead from behind the scene). Yet others highlight that it is less simple than it appears (see e.g. the 'three generations' issue) but call for a systematic plan to guide the transition

*'Otherwise, in the absence of a strong-helmsman, a system where the outgoings retain power and the incomings hesitate to assert themselves, the leadership circle will constitute an ever growing number of individuals with ever fluid power-relations. Meetings and elite bargains will take the place of real execution tasks'<sup>9</sup>.*

49) For now, the outcomes of the Congresses suggest that **a transition is occurring, with specificities proper to the different constituent parties** – as summarised in the box below.

*Implementing the transition plan – The new EPRDF leadership (March 2013)<sup>10</sup>*

One change brought by the (then new) Prime Minister in November 2012 was the appointment (endorsed by the House of People's Representatives) of two more Deputy Prime Ministers, which many interpreted as a move to **ethnically balance the top four positions (PM and 3 DPMs)**: the PM is a Southerner; the first Deputy PM appointed at the same time as him is the Minister of Education Demeke Mekonnen, leader of ANDM; the two new Deputy PMs are Debrestion Gebremichael, information and communication technology Minister and Deputy Chairman from TPLF, and Muktar Kedir, a former adviser to the Prime Minister and leading member of OPDO.

In March 2013 a **second wave of retirements** took place. The **most radical move** was in the **TPLF** commanding organs; nine members from the executive committee stepped down. In the OPDO three senior party officials including the previous regional President left the executive committee but according to usually well-informed analysts they will stay with 'observer status'; the OPDO has also expanded the number of positions on the executive committee from 65 to 80. There were minor changes in the ANDM executive committees and the SEDPM made no major change.

The **ANDM, OPDO and SEDPM re-elected their respective incumbent Chairman and Deputy Chairman** (Demeke Mekonnen, also Minister of Education and Deputy PM since September 2012, and Gedu Andargachew for ANDM; Alemayehu Atomsa and Muktar Kedir, also one of the new Deputy PMs, for OPDO; and Hailemariam Desalegn, also PM and Shiferaw Shigute for SEDPM). The TPLF elected Abay Woldu, the current Tigray regional president as Chairman and Debrestion Gebremichael, current ICT Minister and the other newer Deputy PM, as Deputy Chair of the party.

At the apex, **the EPRDF re-elected Hailemariam Desalegn as Chairman and Demeke Mekonnen as Deputy Chairman**. There had been some speculations that the EPRDF might also go for a configuration of several Deputy Chairmen to mirror the new configuration in government but this did not happen. The two EPRDF leaders, *'both in their late 40s,... never took part in the armed struggle and are considered as part of the new generation of leaders'*.

<sup>8</sup> See Peter Gill, *Meles in his own words*, in African Arguments 22 August 2012

(<http://africanarguments.org/2012/08/22/meles-zenawi-in-his-own-words-%E2%80%93-by-peter-gill/>)

<sup>9</sup> See Berhane's blog about 'transition plus confusion' (<http://danielberhane.com/2013/02/20/ethiopia-eprdf-transition-confusion/>). In this blog Berhane explains the issue about the three 'generations': *'EPRDF leaders who took part in the armed struggle to remove the military regime constitute the first generation. EPRDF leaders, who were not combatants, but the same age group as the first generation, make up the second generation. Younger EPRDF leaders are deemed as the third generation'*. In a blog following the 9<sup>th</sup> EPRDF Congress he appears to be unconvinced that the party indeed has the well-organised plan he is calling for (see <http://danielberhane.com/2013/04/01/ethiopia-eprdf-congress-leadership-change/>)

<sup>10</sup> Adapted from a number of press cuts, including from MOFA and WALTA

In his speech closing the EPRDF 9<sup>th</sup> Congress Chairman Hailemariam noted that *‘the Front’s succession plan was being implemented as planned. He praised those leaders who had retired... as people who had produced paramount contributions to the organization; they could, he noted, still contribute a great deal in terms of analyzing and refining the ideology of the Front’.*

50) While some commentators keenly concluded that *‘the transition has gone smoothly - the first peaceful transition in the history of modern Ethiopia’*<sup>11</sup> the **focus of conjectures** is now likely to shift to the **slightly longer term** and **what type of regime** might emerge under a very different leader and in regional and domestic contexts in which ‘more of the same’ policies might not be sufficient. The questions most often discussed relate to **(i) Ethiopia’s role and position in the Horn and on the international scene; (ii) its economic development trajectory and; (iii) its political trajectory.**

51) Meles Zenawi had gained a prominent stature, **regionally and internationally**; he was a key actor in many of the defining events of the past two decades in the Horn. Many wonder how the new leadership will fill the very big boots he has left, citing (positively or negatively depending on one’s stance) Ethiopia’s role in Somalia and more generally as a ‘staunch ally’ of the West in the ‘war against terror’, Meles’s personal role as the ‘midwife’ of South Sudan, his position on the use of the Nile and the legacy of the Abay Dam to be built, his skills as negotiator for Africa on climate change issues and financing, and the relationships between Ethiopia and Eritrea, to mention but a few.

52) On all of these issues time will tell. It would be logical to believe that so far much energy was focused on the internal dimensions of the transition. Worth of note is Hailemariam’s appointment as AU Chair in January 2013 – which suggests continuity. At the same time, the issue of the Abay Dam on the Nile appears to be testing the new leadership in ways that, some say, would not have happened under Meles (see box below). Eritrea is an increasingly awkward neighbour and did not respond to the initial ‘good will discourse’ of the new PM. Addis Ababa has continued to host meetings leading to important agreements like those in March 2013 between the two Sudans (supposed to further previous agreements) and between DRC and its neighbours; from the outside it is hard to know what kind of a role the new Ethiopian leadership has had in those.

#### Abay Dam and Ethiopia’s external relationships

First ‘remarks by anonymous Egyptian officials’ were made a few days after Meles’s death and further ‘unhelpful comments’ by a senior advisor in November 2012. At the same time documents alleged to be 2-year old US intelligence reports stating that Egypt and Sudan were (at the time) discussing the establishment of a military base to destroy the Dam were leaked on Wikileaks. A reassuring letter followed from the Egyptian Foreign Minister to his Ethiopian counterpart<sup>12</sup>.

A few weeks later the issue resurfaced at the Third Arab Water Council meeting held in Cairo (27 Feb 2013) when the Deputy Minister of Defense of Saudi Arabia stated that the construction of the Dam Ethiopia was a political endeavour ‘posing a threat’ to the Egyptian and Sudanese national security<sup>13</sup>. This was followed by senior level meetings with the Ethiopian PM to the effect of clarifying that this was not the official view of Saudi Arabia, which on the surface appear to have smoothed things. Nonetheless, the government has felt it useful to also reiterate once more its position and show the inanity of its critics in a paper titled *‘The hostile campaign against the Grand Ethiopian Renaissance Dam: more old wine in new bottles’* in the 15<sup>th</sup> March issue of the widely circulated ‘A week in the horn’ magazine of the Ministry of Foreign Affairs<sup>14</sup>.

53) In relation to **Ethiopia’s economic development** responses to the ‘what next’ question vary wildly, as they are rooted in wildly different positions with regard to **Meles’s legacy and the future of the Ethiopian version of the developmental state that he had laid out.**

<sup>11</sup> <http://news.yahoo.com/ethiopias-ruling-coalition-completes-transition-meles-184849656--business.html> quoting J. Peter Pham, director of the U.S.-based Michael S. Ansari Africa Centre at the Atlantic Council think tank.

<sup>12</sup> See <http://danielberhane.com/2013/01/22/ethiopia-egypt-nile-war/>

<sup>13</sup> See e.g. <http://danielberhane.com/2013/03/14/ethiopia-herald-saudi-prince-nile/>

<sup>14</sup> See [http://www.ethioembassy.org.uk/news\\_archive/A%20Week%20in%20the%20Horn%2015.03.13.pdf](http://www.ethioembassy.org.uk/news_archive/A%20Week%20in%20the%20Horn%2015.03.13.pdf)

54) At one end are those that state that Meles left a country *'more destitute and desperate than ever'* (a statement hard to reconcile with the average trends presented above), not so much because his economic model was wrong but because the developmental state discourse was a convenient façade for nothing more than tyranny<sup>15</sup>. At the other end is the current government official position of unquestioning belief in the model and vowing to continue to implement it – as concluded by the 9<sup>th</sup> EPRDF Congress and presented in the box below.

*The 11-point resolution of the 9<sup>th</sup> EPRDF Congress (March 2013)*

The 9<sup>th</sup> Organizational Assembly of the Ethiopian People's Revolutionary Democratic Front (EPRDF) ... in conclusion adopted an 11-point resolution. This underlined the Front's determination to eliminate rent-seeking practices, freeing itself from this problem and working without any partisanship for the interests of the peoples according to democratic developmental practices. It recognized the growth registered in agriculture during the 2004 production year (Ethiopian calendar), and emphasized its determination to curb rising inflation and apply the necessary efforts and synergies to register further growth in the sector. It reaffirmed the Front's commitment to encourage industrial targets by transforming small and micro enterprises into middle level industries. Recognizing that major infrastructural projects... were well underway, but considering some had suffered delay and were sub-standard, the Congress pledged to work for successful and effective implementation of all these projects. It expressed its determination to reach the lowest possible rates of maternal and child mortality, and committed itself to producing the necessary skilled manpower for sustaining the rapid economic growth of recent years and narrowing existing gaps caused by capacity limitation and attitudinal problems. The Congress also pledged to stamp out any religious extremism bent on undermining the equality of religion and the country's traditional religious tolerance.

55) More nuanced are those for whom Meles *'was not interested in the trappings of power, only in what could be done with it'* and had a robust theory *'grounded in realism'* and increasingly recognised internationally, which deserved better understanding and serious assessment (Alex De Waal 2013). Others do not question the model but stress that the **changed context demands adjustments**, citing inflation, unemployment and generally *'an economy that is bearing less fruits, in terms of human development'* and call for something else than *'efforts focused on building infrastructure, improving access to social services and establishing systems'*<sup>16</sup>. David Booth in his immediate post-Meles death piece stressed that *'As in the Botswana and South African transitions..., the challenge is not just to achieve a smooth handover but to retain the things that really matter from the original impulse'* (Booth 2012).

56) There are those with views along the lines that Ethiopia has thus far failed to find a suitable formula (between agricultural transformation, urbanisation, employment generation and curbing inflationary pressures), due to its economy *'so skewed by the political landscape'*<sup>17</sup>. In turn yet others identify these views as a traditional neo-liberal perspective of people who want to influence *'countries in the West and international financial institutions to push Ethiopia into abandoning the developmental model articulated and pursued under Meles, replacing it with neo-liberal economic prescriptions'*, a *'pressure to which Ethiopia should not succumb'*<sup>18</sup>.

57) **Political conjectures** abound too - about *'the possibility of a more pluralistic ethnic make-up in the governing system'* emerging, thanks to the PM's regional affiliation (IDS 2012) or on the contrary, the hardening of the *'weakened Tigrayan elite, confronted with the nation's ethnic and religious*

<sup>15</sup> See e.g. <http://ecadforum.com/2012/10/31/legacy-of-meles-zenawi-of-ethiopia-1991-2012/>

<sup>16</sup> See e.g. Addis Fortune editorial of 28<sup>th</sup> March 2013 (<http://addisfortune.net/columns/human-development-must-top-economic-policy-agendas/>)

<sup>17</sup> *After Meles: Implications for Ethiopia's Development*, IDS, Rapid Response Briefing, October 2012

<sup>18</sup> See <http://africanarguments.org/2012/09/05/ethiopia-navigating-through-the-emotive-outrageous-and-the-subtle-but-dangerous-narratives-on-the-demise-of-meles-by-solomon-ayeale-dersso/>

*cleavages’ and ‘forced to rely on greater repression if it is to maintain power and control over other ethnic elites’, with ‘ethno-religious divisions and social unrest likely to present genuine threats to the state’s long-term stability’ (International Crisis Group, August 2012).*

58) A significant development that has gained prominence over the past two years is the rising tension between the government and the **Ethiopian Muslim community**, marked by a number of violent incidents since July 2011. It is hard to find anything written on this which would go beyond a simple factual account and yet could be taken as relatively impartial. The government links the agitation to activities of external Islamist fundamentalist groups *‘bent on undermining the equality of religion and the country’s traditional religious tolerance’* and acts accordingly. The 9<sup>th</sup> EPRDF Congress concluding statement suggests that this remains the official position.

59) Scholars studying the history of Islam in Ethiopia point to deeper possible reasons to the present unrest. They also suggest that being able to stress Ethiopia’s religious tolerance is politically convenient for the EPRDF regime which therefore has a strong rationale to oppose anything which could tarnish the image. But they have not yet ventured into an analysis of the current situation<sup>19</sup>. A number of observers raise **concerns about the possible rise of religious tensions more generally in the country**.

60) A number of observers and actors holding opposed views on many other issues agree on one thing that is, the likelihood that bar major new developments, **formal political opposition would be a minor or even insignificant player in the coming years**. On one side the PM is quoted to have said recently that the opposition did not have anything to contribute to a developmental state. On the other the International Crisis Group finds that it is *‘too fragmented and feeble to play a considerable role, unless brought on board in an internationally-brokered process’* (August 2012).

61) The two sides clearly differ on the implications of this situation. The ICG takes the position that the presence of a meaningful opposition is indispensable to *‘prevent the spread of instability’*. It suggests that the international community should *‘push the ruling party to... promote inclusive reforms’* and sees a role for international support to *‘reanimating a diaspora opposition on life support’* and international mediation to lead to an agreement between EPRDF and opposition on these inclusive reforms. On their side the EPRDF-led government is probably content to be able to prepare for the next national and regional elections in 2015, a quite critical milestone for the Front internally, in a context where it would be largely unopposed from the outside<sup>20</sup>.

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<sup>19</sup> See e.g. ‘Muslim Struggle for Recognition in Contemporary Ethiopia’, Dereje Feyissa in *‘Muslims in Ethiopia: The Christian Legacy, Identity Politics and Islamic Reformism’*, Patrick Desplat & Terje Ostebo, 2012. There is also an attempt at a sociological and historical analysis in *‘Growing Muslim Activism and the Ethiopian State: Accommodation or Repression?’* by Jawar Mohammed (April 2012) although the author is clearly on the side of the Muslim activists.

<sup>20</sup> A recent development is the foundation of the Oromo Democratic Front by a group including a number of ex-OLF senior officials. The new political organisation, based in the US, presents itself as *‘a new Oromo political movement that advocates justice for the Oromo and all other nations in Ethiopia’*. It claims to represent *‘a new phase in the Oromo nationalist struggle with the objective of working for the transformation of the Ethiopian state into a truly democratic multinational federation equitably owned by all the nations’*, thus seemingly distancing itself from separatist calls (see e.g. <http://www.ethiosun.com/2013/03/28/breaking-news-its-the-oromo-democratic-front-home-opride-com/>). There have been conjectures about this being an early movement in preparation of the 2015 elections.

### 3. The government policy approach

62) In the course of the Stage 2 of the WIDE 3 research we have grouped policies and programmes under a number of main areas: 1. Crosscutting policies and programmes (such as land, environmental and infrastructure policies) affecting policies and programmes in other areas; 2. Policies and programmes relevant to rural livelihoods; 3. Policies and programmes relevant to rural lives – human and social re/pro/duction and; 4. Policies and programmes relevant to rural society and its relationship with government (community management and the field of ‘ideas’). This chapter is structured following this grouping.

#### 3.1. Crosscutting policies

##### Land policy

63) There has been **no major change in land policy since 2011**. In 2011 (Dom 2011) we found that the government’s land-related **priorities** were **somewhat in tension**; this continues to be the case.

##### *Certifying smallholder land*

64) The government pursues its policy of **smallholder land certification to provide tenure security**, within the frameworks of the regional proclamations themselves guided by the Federal Land Proclamation No. 465/2005. The policy and its objectives (improved competitiveness through increased investment and more sustainable land use thanks to more secure tenure; gender equality; conflict resolution) were articulated in a concept note prepared (with support from the World Bank) by the Ministry of Agriculture in mid 2011, outlining a national ‘Land Administration and Land Use Development Programme’ (LALUDEP) for which the government would seek support. Among others the LALUDEP foresees the generalisation of second-stage certificates<sup>1</sup>.

65) While thus far actual progress in land certification has been slower than planned (see table on CRGE-related achievements below), **various studies** suggest that **land certification has the potential to meet its stated objectives**, citing evidence of much higher levels of ‘felt’ tenure security, of self-reported positive change in investment incentives and of higher productivity on ‘owned’ land, positive gender impacts (in relation to initial access and returns from rental markets as well as indications that the policy might enhance marriage stability), perceptions of reduced risk of inheritance disputes, case study evidence of decreasing numbers of land-related disputes brought at the wereda level and strong evidence of environmental benefits of the policy<sup>2</sup>.

66) More **critical voices challenge some of this**, showing for instance that farmers believe that their land can be taken any moment by the government (and that indeed the government could change of

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<sup>1</sup> In most cases land certification thus far has been carried out through community-based mechanisms (with wereda support as needed) and with land mapped as per existing community ‘records’ (first-stage certificates). A second-stage land certification, with more robust mapping techniques and administration, has always been planned but its implementation requires significant investment which so far has been lagging.

<sup>2</sup> Notably: 1. Deininger et al “*Impacts of Land Certification on Tenure Security, Investment, and Land Markets Evidence from Ethiopia*” World Bank Policy Research Working Paper 4764 (2008). 2. S. Holden and H Ghebru “*Household welfare effects of low-cost land certification in Ethiopia*”; Centre for Land Tenure Studies Working Paper 03/11; Norwegian University of Life Sciences (2011). 3. Deininger, K, Ayalew Ali, D, Alemu, T “*Productivity effects of land rental markets in Ethiopia – evidence from a matched tenant-landlord sample*” World Bank Policy Research Working Paper 5727 (July 2011). 4. A. Teklu “*Research Report 4: land registration and women’s land rights in Amhara Region, Ethiopia*” SOS Sahel, Addis Ababa, Ethiopia. November 2005. 5. Deininger, Klaus, and Songqing Jin. 2006. “*Tenure Security and Land-Related Investment: Evidence from Ethiopia*”. European Economic Review 50 (5):1245–77. 6. USAID (United States Agency for International Development). 2008. Ethiopia: *Strengthening Land Tenure and Administration Program (ELTAP): Evaluation. Final Report*. Washington, DC. April. 7. Adal, Yigremew. 2005. *Rural Land Certification in Ethiopia. Working Paper*. Institute of Development Research, Addis Ababa. 8. S. Holden, K. Deininger, H. Ghebru “*Land certification, land related investment and land productivity impacts*”; Norwegian University of Life Sciences.

policy once more) and although there is awareness of the compensation principle there is little confidence that the compensation would be 'fair'. Land disputes may well be less numerous to make it to the wereda level but a high number of cases are seen at the local level. The thrust of this more political argument is that the **land certification policy** as it is implemented, far from empowering them **makes farmers ever more dependent on local government systems and officials**, while the evidence on socioeconomic benefits is slim<sup>3</sup>.

67) USAID and Finland have been so far the donors most prominently involved in land titling. A few others are involved in other land issues. A number of donors have expressed interest in aligning further support to the LALUDEP priorities. However while the government set itself a target of five years to achieve nationwide coverage of second-stage certification and the strengthening of land administration and use planning systems at all levels, those donors consider that a ten-fifteen year timeframe is more realistic.

#### LALUDEP and donor support

Component of LALUDEP	Involved donors
1) Improving policy and legal framework for land administration and use	USAID, Finland (Benishangul)
2) Reforming and strengthening institutional framework for land administration and use	DFID proposed LIFT programme, Finland (Benishangul)
3) Land registration and certification	DFID proposed LIFT programme, Finland (Benishangul)
4) Developing and implementing land use planning	FAO (indicative)
5) Education and research	DFID proposed LIFT programme, SIDA
6) Project management, M&E	DFID proposed LIFT programme, GOE with donors

68) The World Bank, which had been a lead donor in helping the government to develop the LALUDEP, has proposed a loan to the government in support of the LALUDEP components 1 and 2<sup>4</sup>. In the fall 2012 this was rejected by MOFED on the ground that this should not be financed by a loan.

69) DFID has expressed interest in supporting the LALUDEP (under the 'Government for Growth' focus of its country programme). The proposed 'Land Investment For Transformation' programme (LIFT) would support strengthening government systems for land administration. This is non-controversial support to the LALUDEP components 2) and 3). LIFT would also seek to leverage influence to help to develop a 'more efficient land rental market' – which is presented as support to the LALUDEP component 5). Indeed the **LALUDEP concept note speaks positively about transfers through the market** as a way of ensuring **more efficient land use**. However, it remains to be seen how the LALUDEP conceptual standpoint will be interpreted '**in the field**', in a policy context in which **land accumulation has for a long time been seen as potentially exploitative**. An additional difficulty is that DFID funding (approx. US\$ 30 million) would be largely insufficient to ensure nationwide implementation of the critical components 2 and 3 (estimated to require US\$150-225 million).

#### **Promoting large-scale land investments**

70) At the same time the **trend of large-scale land investment on 'unused land' has continued**, with a continued focus on 'peripheral regions' as these are less densely populated<sup>5</sup>. One needs to note that data on the size of the land allocated and exploited continues to be hard to reconcile<sup>6</sup>.

<sup>3</sup> One of the scholars known for his research on these issues and coming to these conclusions is Dessalegn Rahmato.

<sup>4</sup> See also World Bank report: *Options for Strengthening Land Administration* (circa 2011).

<sup>5</sup> Lavers 2012: In the relatively small regions of Gambella and Benishangul Gumuz, the land area identified for future investment represents 42% and 14% of the region's surface area, respectively.



71) The **recentralisation of land management** entailed in the government policy (with e.g. the mandate of the recently created Agricultural Investment Support Directorate to manage land allocation on behalf of the emerging Regions) and the **concentration of investments in the peripheral regions** have been noted in academic papers. Among others Lavers (2012) highlighted the questions that these trends raise in relation to Ethiopia's federalism.

72) He also points at the **shift in government strategy to achieve national food security**, with land investments managed by the government to **raise foreign exchange and be able to buy food** on the market rather than relying (exclusively) on Ethiopia's own production. While the latter approach has been unsuccessful so far, Lavers stresses that in the context of high and fluctuating international export and food prices, the turn to a trade-based food security strategy is a risky one.

73) Lavers also points out that as foreign businesses are allowed to accumulate land while this continues to be difficult for smallholders, the emerging class of economically powerful landholders will not be comprised of successful local farmers who might over time have represented a challenge to the government. This will have to be empirically assessed, however, as our Stage 2 research seems to suggest that a class of successful local farmers may be emerging even in food insecure areas.

74) Both Lavers and Mosley (2012) see the current trend of concentrated land investment in the lowland 'periphery' while highland smallholders are protected from it as a **continuation and extension of the historical processes of state formation in Ethiopia** through the generation of state revenue from peripheral areas. Lavers highlights that this spatial differentiation in land policy mapping onto ethnicity and livelihoods differences has enormous historical significance. In Mosley's view the involvement of the private sector is serving to enhance the reach of the state – in an ironical development probably not foreseen by those donors promoting the role of the private sector in agricultural growth. Mosley also point at emerging links between land investments and conflicts, including evidence that armed/dissident groups in conflict with the EPRDF regime have started incorporating the 'land grabbing' discourse into the narrative of their resistance to Addis Ababa. On his side Dessalegn Rahmato stresses the profound impact of the largescale land leasing policy in terms of **reshaping of the agrarian structure of the country** and of the associated land rights<sup>7</sup>.

75) The media recently reported (30 Dec 2012) the government's intention of creating an **autonomous federal agency which would administer land available for agricultural investment** in the country<sup>8</sup>. The draft bill establishing the Agency under the MOA could be tabled to the Council of Ministers in as little as three months. This responds to experts' views that *'the task of agricultural land administration is getting wider and cannot be handled by a directorate at the Ministry'*. The Agency would among others be in charge of ensuring that the country gets a **better return** on the land lease deals entered into. This might entail that the Agency would have the mandate of selecting suitable crops for the land areas that are leased.

76) In a subsequent report (8 March 2013) it has been reported that the government cancelled 330 land lease contracts with investors who *'had left the land lying dormant for more than three years after they were awarded licenses worth hundreds of millions of dollars'*. This apparently would target

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<sup>6</sup> E.g. Lavers (2012) show a total of 655,907 ha of land leased in 2011 in "active projects", with practically a third of this in Gambella and another third in Oromia. In May 2012 Ethiopian officials explained that 5284 investors had received about 2.2 million ha of land in different parts of the country, of which 126 foreign investors had received 567, 651 ha while about 1.7 million ha were allotted to Ethiopians. However by then only 372,088 ha (17.6% of the allotted land) had been utilized (<http://danielberhane.wordpress.com/2012/05/13/ethiopia-official-discloses-new-data-on-leased-farmlands/>). In February 2013 there were claims that Indian companies, leading in land investments in Ethiopia, had acquired 600,000 ha.

<sup>7</sup> In *Land to Investors: Large-Scale Land Transfers in Ethiopia* (2011) Dessalegn argues that insufficient attention has been given to *'the issue of land rights of communities and the state-power dynamics that are intertwined with such rights in host countries'*. This needs to be seriously considered when, like in Ethiopia, the area which the government intends to lease is considerable compared to the area currently exploited by Ethiopian smallholders rights users.

<sup>8</sup> See <http://addisfortune.net/articles/new-agency-likely-to-administer-land-for-agricultural-investment/> accessed 10 March 2013.

foreign investors including from India, China, United Arab Emirates and neighbouring Sudan. There are indeed reports of gross inefficiency in the way land is being used, including when it is farmed, but nothing that has been made public yet<sup>9</sup>.

### **Land use and the government ‘villagisation’ programme**

77) Throughout 2012 a number of international and national actors have alleged a link between the **land investment policy** and the **forcible displacement of groups of people from their land**, through the government villagisation programme – especially in Gambella. GOE has denied this: villagisation is voluntary and people who, after having been made aware of the benefits of moving, do not want to do so, are entitled to stay on their land.

78) Donors supporting the Promoting Basic Services programme have been accused of supporting the forced villagisation as PBS finances the expansion of basic services including in the concerned areas. Several high level missions of donor officials went to the field in order to assess the evidence one way or the other. In June 2012 one such mission concluded that (DFID, UN, USAID and Irish Aid):

*As in the previous mission, there were no reports of forced relocation or systematic human rights abuses, but half of the people interviewed said they didn’t want to move and there were reports of some pressure and unmet promises linked to movement. Those communities that objected to moving have been allowed to stay, and although service provision is on-going, they sense that they are being neglected... Although a concurrent plan for agricultural investment in Gambella is underway, this June 2012 mission again concluded that there were no reports of any former settled land being used for commercial farming.*

79) More recently and following new allegations, the **World Bank Board** was asked to **commission an assessment of the situation by an independent Inspection Panel**. Allegations triggering this process include that PBS funding undeniably contributes to financing the villagisation programme and forcible displacements as it finances the salaries of extension workers and officials who recognised having had to implement the policy. The US-based organisation which brought this to the WB Board’s attention also states that in rushing the implementation of PBS without triggering the World Bank safeguard policies on Indigenous People and Involuntary Resettlement in spite of historical evidence on the use of forced resettlement in the past in Ethiopia, the World Bank failed to adhere to its operational policies and to fulfil its duty as a United Nations specialised agency<sup>10</sup>.

80) The Inspection Panel examined the case and found that the complaint warranted a full investigation. It recommended this to the Board. At the time of writing the World Bank Board meeting (scheduled for March 19, 2013) to consider the Inspection Panel’s recommendation had allegedly been postponed to an unspecified date, with senior officials from Human Rights Watch stating that “*The longer the investigation is delayed, the longer the shadow of controversy will remain over this project*”<sup>11</sup>.

81) At the same time, a group of **Members of Parliament from the UK** International Development Committee who paid unannounced visits to different villages are reported to have concluded that the evidence they gathered supported government position about the voluntary nature of people’s

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<sup>9</sup> Personal communication from a longstanding land expert: Two major problems caused huge misallocation of resources and undermined any real commercial farming so far: 1. Unexperienced management teams for VERY large farms, the size of which are found in very few parts of the world hence the dearth of such experience; 2. Massive investment in very expensive machinery whereas second-hand better managed machinery and labour-intensive solutions would do better.

<sup>10</sup> See ‘*Policy and Legal Analysis of the Ethiopia PBS Request for Inspection*’, Inclusive Development International, undated (circa September 2012) and the IDI letter to the Board of Executive Directors, World Bank, dated September 24, 2012. The Board approved the funding of the third phase of PBS on 25 September 2012, but launched the Inspection Panel process.

<sup>11</sup> See <http://indepthafrica.com/world-bank-ethiopia-project-decision-postponed/> accessed 19 March 2013.



moves<sup>12</sup>. In parallel, **Indians rights' movements** and others have started reporting on the allegedly negative sides of the large land lease deals in which '*Indian companies are the largest players*'<sup>13</sup>, highlighting that '*what is happening in Ethiopia (and other African countries) is an outcome of India's own aggressive push towards globalised economic growth*' and drawing parallels with similar cases in India of what they present as links between external investment, forced people's displacement and persistent hunger in the host countries.

## Environment-related policy

### *Taking stock: Trends and current situation*

82) A number of studies show a **bleak picture** in relation to long term climatic and related environmental trends and their impact on Ethiopia's development if they continue unmitigated. Salient features are summarised in the box below.

#### *Climate change trends in Ethiopia*

The mean annual temperatures in Ethiopia have increased by 0.5-1.3°C since the 1990s (ACCRA Dec 2011). Climate modelling studies suggest that further increase is likely to range between 0.7 and 2.3°C in the 2020s and between 1.4 and 2.9°C in the 2050s (cited in the GOE CRGE Vision).

The same climate modelling studies foresee an increase in overall rainfall (of 0.4% in the 2020s and 1.1% in the 2050s) but with considerable uncertainty as to distribution. A detailed picture has been developed by the USAID-financed FEWS NET (April 2012). Its main points are outlined below.

Between the mid-1970s and late 2000s, Belg and Kremt rainfall decreased by 15-20% across parts of southern, southeastern and southwestern Ethiopia.

Until 1989 the area of land receiving more than 500 mm of Belg rain was more than 215,000 km<sup>2</sup>. Since then it has contracted by 16%, generally exposing densely populated areas in the Rift Valley and eastern highlands (16.6 million people affected).

Similarly a smaller area of land receives sufficient Kremt rain in the same SNNP Rift Valley areas and in southern and eastern parts of Oromia (12.6 million people affected).

The March to September rain pattern is also affected; reduced areas receiving enough such land means poor long cycle crop performance (20.7 million people affected).

Many of Ethiopia's most densely populated areas are those affected by these trends. Their effect therefore combines with other deteriorating trends of diminishing landholding size.

Change is also observed in pastoralist areas where declining Belg rain affects the quantity and quality of viable pasturelands. The area of contraction affects a 7 million population. In addition pastoralists and agro-pastoralists are affected by climate-related changes in the crop economy as the prices of the food they need to buy increase.

Projected increases in average temperature are highest in south-central parts of the country. This could significantly reduce the area of land suitable for coffee growing.

There are many areas of Ethiopia that appear to be climatically secure. Ethiopia does not face a catastrophic national failure of rainfall, but regional hot spots will experience trends of increasingly frequent droughts. Raising yields in the climatically secure areas by improved water and agricultural management practices would be a better option than extending agriculture into more marginal areas but may be difficult to realize due to increased population pressure.

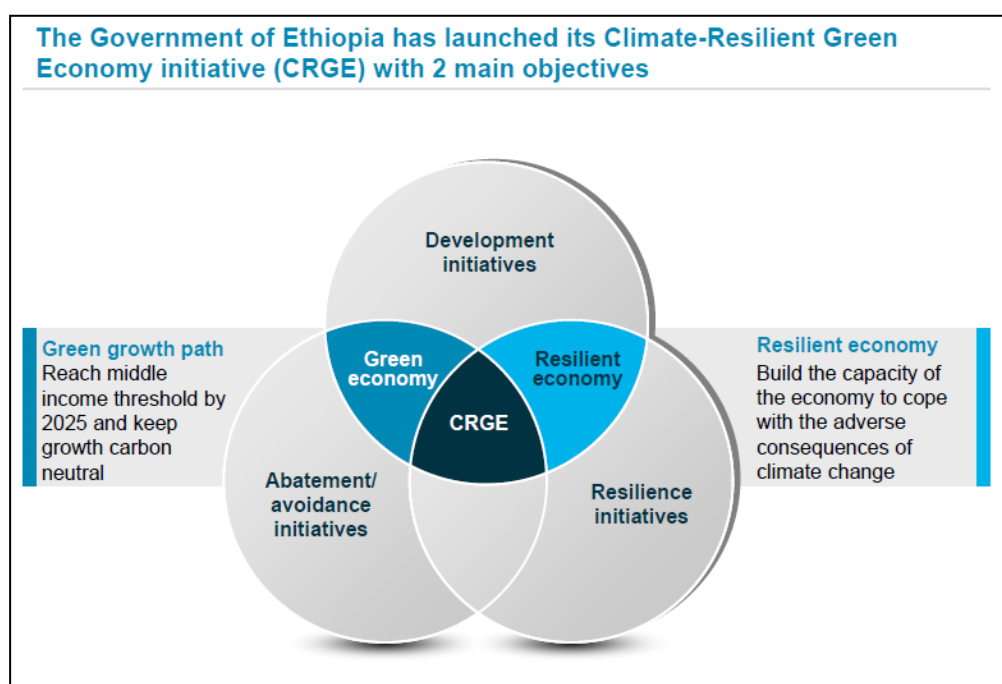
<sup>12</sup> See an account of the MP visit and some of the discussions held with senior officials, in "A week in the Horn" 8<sup>th</sup> March 2013 ([http://www.ethioembassy.org.uk/news\\_archive/A%20Week%20in%20the%20Horn%2008.03.13.pdf](http://www.ethioembassy.org.uk/news_archive/A%20Week%20in%20the%20Horn%2008.03.13.pdf))

<sup>13</sup> See e.g. <http://www.thehindu.com/opinion/op-ed/how-ethiopians-are-being-pushed-off-their-land/article4428760.ece> dated 19 Feb 2013 and accessed 10 March 2013, and <http://ethionetblog.blogspot.com/2013/03/the-great-ethiopian-land-giveaway.html> accessed 15 March 2013.

### ***The government response***

83) Realising the threat, the government has developed a **Climate-Resilient Green Economy Vision and Strategy** addressing the goal of reaching middle-income status by 2025 based on carbon-neutral growth. The CRGE, which is illustrated in the graph below and was launched in November 2011, builds upon earlier commitments stated in the 1997 National Environmental Policy and made through the establishment of the Environmental Protection Agency (Proclamation No.295/2002)<sup>14</sup>. The CRGE states that if Ethiopia was pursuing a conventional development path to achieve middle-income status by 2025, greenhouse gas emissions would more than double in 2030 ('business-as-usual' scenario). A number of other challenges would make the growth achieved unsustainable. The CRGE has two objectives countering this scenario: (i) green growth and (ii) a resilient economy.

#### ***Ethiopia's Climate-Resilient Green Economy strategy***



84) The CRGE aims to achieve its '**green growth**' objective through four pillars:

- Improving crop and livestock production practices for higher food security and farmer income while reducing emissions (reducing deforestation, agricultural intensification and irrigation of degraded land; introduce lower emitting techniques e.g. low-emitting crop varieties, organic fertilisers; improve animal value chain; shift animal mix e.g. encourage lower emitting protein poultry consumption; mechanise draft power)
- Protecting and re-establishing forests for their economic and ecosystem services, including as carbon stocks (efficient stoves reducing fuelwood demand; increased carbon sequestration by afforestation/reforestation and forest management)
- Expanding electricity generation from renewable sources of energy for domestic and regional markets (build renewable power generation capacity and substitute fossil fuel power generation both domestically and abroad by selling clean energy)
- Leapfrogging to modern and energy-efficient technologies in transport, industrial sectors, and buildings (improved industry energy efficiency, fuel efficiency of cars, production processes, waste management; construct electric rail network).

<sup>14</sup> The CRGE initiative launched in February 2011 under the leadership of the Prime Minister's Office, the EPA and the Ethiopian Development Research Institute, has been developing a strategy to build a green economy. Seven sectoral teams involving more than 50 experts from more than 20 leading government institutions have been driving the initiative. The CRGE has been extensively discussed in regional and sectoral consultations before its launching in November 2011.

85) Within these pillars 150 initiatives have been identified and 60 have been prioritized based on their local relevance, feasibility, contribution to the GTP targets, and potential for significant emission reduction at reasonable costs for the concerned sectors. The **highest emission reduction potential impact** is concentrated in **agriculture and forestry**, with use of **more efficient stoves** and **higher livestock productivity** having the highest return<sup>15</sup>. In the industry sector the highest return would arise from modernizing cement production and generating electric power from renewable sources. The transport and building sectors contribute from a combination of efficiency improvements in use of fuel and electric power, along with more efficient urban waste management.

86) The total cost of the green economy strategy is estimated to be 125 billion US\$ over 20 years<sup>16</sup>. However, more than 45% of the selected green economy initiatives would come at zero or negative costs, having only short-term financing requirements (< 5 years). Of the total expenditure, US\$ 30 billion are projected to occur in the short term up to 2015, with US\$ 22 billion of this as capital expenditure. **The short-term, therefore, requires additional financing.** Some of the US\$ 125 billion costs are those of **already planned infrastructure investments in the power and transport sectors**; they would occur even in the 'business as usual' scenario and therefore are not strictly speaking additional costs. The investments required in the agriculture and forestry sectors are much smaller (less than 20% of the total) while as said above, they have the biggest return.

87) Considerable socio-economic benefits would accrue, concerning 65% of the economy. Examples include 1 billion US\$ of yearly savings from fuelwood expenditure for rural population (efficient stoves); fuel savings of US\$ 1 billion p.a. in 2030 from more efficient fuel use; improvements in public health through better air and water quality; and rural economic development by increasing soil fertility and food security.

88) The government intends to fund the strategy in dividing all initiatives in three categories: (i) Own initiatives that are planned and fully funded by the government; (ii) Supported initiatives that are planned by the government but require support in implementation and; (iii) Market-based initiatives for which Ethiopia might be able to monetise carbon credits in exchange for Green House Gas (GHG) abatement, once the country is in a position to demonstrate it. The CRGE strategy document states that *"All of the prioritised green economy initiatives could potentially be candidates to access"* this third type of funding and that it should be feasible to mobilise a pool of US\$ 20 billion per annum, although it recognises that *"it is not realistic for Ethiopia to capture the full technical abatement potential, nor to monetise every single initiative."*

89) In parallel, the **'climate-resilient economy' objective** has two main directions: protecting the population from adverse effects of global warming especially in rural areas and safeguarding economic development against climate change<sup>17</sup>. The government vision is that climate resilience is indispensable to the successful implementation of the GTP at the same time as greater resilience will also be a product of the benefits brought about by national economic and social development (greater resilience through increased income and more diversified livelihoods, better access to health and education services etc.). However **thus far, the climate resilient dimension has not yet been as fully developed as the green growth dimension.**

90) The strategy was accompanied by the **Ethiopia Programme of Adaptation to Climate Change (EPACC)**, updating and replacing the National Adaptation Programme of Action (NAPA) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in 2007. The EPACC, with 29

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<sup>15</sup> Agriculture and forestry contribute around 45% and 25% respectively to projected GHG emission levels under business-as-usual assumptions and together account for around 80% of the total abatement potential (CRGE Strategy, Sep 2011).

<sup>16</sup> The green growth objective and associated strategy built on the work undertaken by the EPA to compile from various sectors the Nationally Appropriate Mitigation Actions (NAMA). New emission abatement initiatives beyond the scope of the NAMA were also considered in various sectors.

<sup>17</sup> E.g. a WB study (2008) cited in the government CRGE Vision predicted that unless effective steps are taken to build the economy's resilience, climate change would reduce Ethiopia's GDP growth by 0.5-2.5% each year.

components/objectives, is intended to work through vertical and horizontal participatory processes involving **all government levels down to communities** preparing **their own work programmes** and by-laws, and **all sectors** through **sectoral Adaptation Programmes**. Regional and sectoral adaptation plans have been developed for sectors most vulnerable to climate change: agriculture, health, water and other natural resource management, and energy, buildings and transport.

### ***Taking the strategy forward***

91) The strategy is **taken forward at the highest level**, through an architecture including the Prime Minister-led Environmental Council approving environmental standards and directives and recommending laws; a Ministerial Steering Committee chaired by Ato Newai, Economic Adviser of the PM with rank of senior minister, and involving six key Ministries; the EPA and MOFED leading on technical and financial issues respectively; the Regional EPAs; and Environmental Units in sector ministries. The Ministerial Steering Committee is supported by a Technical Committee chaired by the EPA, comprising of experts from EPA and MOFED and of the chairs of the sectoral EUs, which coordinates the EUs and reviews, prioritises and recommends projects and programmes and funding.

92) In its **action plan** the government intends to **set up a permanent financial mechanism to support the implementation of the CRGE**. To this effect the government has launched a CRGE Facility housed in MOFED. MOFED has also a critical policy role to play, notably in **integrating the CRGE in the next GTP**. A consultancy has been commissioned to assess CRGE-related capacity development needs of finance and economic development agencies at all levels and develop tools to mainstream climate change in planning, M&E and budgeting at all levels.

93) The government has also commissioned support to **undertake a detailed Green House Gas baseline inventory/accounting** and projections for priority sectors (industry, agriculture, transport and energy) including the establishment of a database for Monitoring, Reporting and Verification (MRV). This type of baseline inventory/accounting is **indispensable to prepare Ethiopia for emission trading** under UNFCCC-endorsed MRV arrangements. The work, based on primary data, will be more accurate than the preliminary projections that the government had made for the 'business as usual' and 'low emission' trajectories presented in the CRGE strategy. The work will update and complete the baseline data, provide a robust reference scenario, provide alternative GHG emission scenarios for planning as well as identify and evaluate low emission options for the government to consider.

94) In addition **research** has been undertaken on the **implications of international policies and agreements** and **opportunities for Ethiopia** to access global climate change financing. Three EDRI research reports (April, September and November 2012) conclude that for a country like Ethiopia, mitigation measures are less important than adaptation measures<sup>18</sup> (which can belong both to the 'green growth' and 'resilient economy' threads of the CRGE). Yet, international financing so far has been geared towards mitigation, more important for developed economies. These papers call for Africa to strengthen its negotiating position in future so that it can advocate for a more balanced allocation of resources and attention between mitigation and adaptation and for larger and binding flows of financing from developed, high emission countries to developing, low emission countries.

### ***The fast track initiatives***

95) The government has selected **four initiatives for fast-track implementation**: exploiting the vast **hydropower potential**; large-scale promotion of **advanced rural cooking technologies**; **efficiency improvements to the livestock value chain**; and **Reducing Emissions from Deforestation and Forest**

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<sup>18</sup> The UN defines **mitigation** in the context of climate change, as a human intervention to reduce the sources or enhance the sinks of greenhouse gases. Examples include using fossil fuels more efficiently for industrial processes or electricity generation, switching to renewable energy (solar energy or wind power), improving the insulation of buildings, and expanding forests and other "sinks" to remove greater amounts of carbon dioxide from the atmosphere. **Adaptation** measures are measures taken to minimise harm from the climate changes that are expected to occur. (Wikipedia)

**Degradation (REDD).** These initiatives, summarised in the box below, are said to have the best chances of promoting growth immediately, capturing large abatement potentials, and attracting climate finance for their implementation. To ensure a comprehensive programme, initiatives from all other sectors will also be developed into concrete proposals.

96) The four fast-track measures, more about mitigation than adaptation, suggest that considering Ethiopia's rapidly developing economy the government has found it important to build-in mitigation in the country's development trajectory as well as planning for adaptation.

*The fast-track green growth initiatives spelled out in late 2011*

**Power infrastructure financing** – Electric power generation is critical to realize growth and economic development and a condition for green growth in other sectors. Securing adequate financing (US\$ 38 billion of capital expenditures over the next 20 years) is a critical challenge as there remains a financing gap even after cost optimization and increased domestic funding through tariff adjustments. External funding is particularly necessary in the early years of implementation.

**Rural energy and efficient stoves** – With a sufficient scale-up (9 million stoves in 2015) the impact is massive: 10% income increase for rural families, creation of an industry worth US\$ 15 million in gross value added, GHG emission abatement of 50 Mt CO<sub>2</sub>e per year in 2030, better health and increased gender equality. By improving the efficiency of dissemination the required scale-up could be achieved for US\$ 170 million which could be financed by international climate funding.

**Reduced emissions from livestock** – Livestock accounts for 11% GDP and is the largest source of GHG emission in the country. The government has prioritized the development of a mechanism that would, like REDD for deforestation, allow monetizing reduced emissions from the livestock sector. The potential reduction of emission has been estimated to be 45 Mt CO<sub>2</sub>e per year in 2030. Steps: prove feasibility of reducing such GHG emissions through pilots and research; set up the necessary institutional framework including an MRV system for livestock-related GHG emissions; identify and engage development partners and investors for implementation financing.

**Reducing Emissions from Deforestation and Forest Degradation (REDD+)** – The government Readiness Preparation Proposal (R-PP) has been accepted. It focuses on the two main deforestation and forest degradation drivers: conversion to agricultural land and unsustainable fuelwood consumption. A series of REDD+ pilots will be identified and assessed at the end of the R-PP period for scale-up of the better-performing strategies. The mitigation potential of forestry has been estimated to be up to 130 Mt CO<sub>2</sub>e in 2030.

97) Some adaptation measures are already under way (e.g. large-scale afforestation/ reforestation, hygiene and disease prevention measures under the Health Extension Programme/HEP); others mentioned in the strategy are new (e.g. 'green cities' approach to urbanization, support for natural ecosystems). An initial programme for the first three years of implementation of the EPACC has been budgeted at US\$ 10 million. By end 2011 support was planned from the Government of Japan and UNDP and negotiations were under way with the EU. A Strategic Climate Institutions Programme financed by DFID would complement but not directly support the EPACC (£15 million). In parallel to these initiatives the **government has committed to transform PSNP into an instrument that adapts to and manages climate risks**. The Climate Smart Initiative is described in the PSNP section.

***What has been done so far***

98) Progress reporting on the implementation of the CRGE strategy is not straightforwardly available. There is some data in the annual progress reports on the GTP implementation but the relevant information is scattered in several sectoral sections, in addition to a short section specifically on environment and climate change as a 'crosscutting issue'. The table below summarises a few relevant information found in the 2010/11 and 2011/12 GTP APRs.

99) Of note is the slow progress in relation to rural land management activities. In contrast, the GTP APR for 2011/12 stresses that achievement with regard to natural resources conservation and use was very high due to increased awareness of farmers and a change in their attitude in relation to

the significance of the promoted measures. As a result on average farmers worked voluntarily 40 to 50 days in 2011/12. However, large and medium-scale irrigation achievements were much below targets and addressing this will require concerted efforts from all stakeholders.

*Progress in CRGE-related activities in the GTP<sup>19</sup>*

Activities	APR 2010/11	APR 2011/12
<b>Natural Resource Conservation and Utilisation</b>		
Preparation of community-based basin development plans	5554 achieved (> target of 3912)	
Soil and Water Conservation activities	On 4.99 million ha (> target of 4.4 million ha)	On 8.5 million ha (> 5.1 million ha target)
Coverage of land with multipurpose trees	Nearly 7 million ha (target of 7.72 million ha)	9.55 million ha (= target)
Rural Land Administration Information System	In 12 weredas against 56 planned	In 10 weredas against 77
1 <sup>st</sup> level certificates	Only 1.21 million hhs against 3.1 million planned	Only 0.93 million hhs against 1.44 million planned
<b>Power sector</b>		
Electric power generation	Report illustrating financial constraints	Net increase in capacity of 128.5 MW (against 533.5 MW planned) thanks to hydro and wind projects. Further financial constraints hinder pre- and feasibility studies.
Power distribution		Total line length reached 153,230 km (> target of 145,838 km) But only 451 urban areas and settlements had access to electricity vs. 891 planned.
Bio-fuel development	Identification of 518,484 ha land for bio-fuel production in Tigray and Oromia; development of seeds and technological packages; preparation of one package at scale.	2.53 million ha of land identified, several packages prepared. One oil mixing facility built though total capacity (in million liters of fuel produced) is below target.
<b>Environment and Climate Change</b>		
	Report on development of CRGE Strategy, EPPAC and NAMA	Various activities targeting various levels (weredas, communities, flower factories).
	Mechanism to support and reward results achieved by wereda administrations, farmer and pastoralist associations and schools as well as small-scale enterprises in building climate-resilient green economy has been issued.	

100) On the whole it is **not easy to get a sense of overall progress in implementing the CRGE strategy**, including in relation to the ‘fast-track initiatives’ mentioned above.

<sup>19</sup> Cells in green highlight areas in which progress has exceeded targets.

### 3.2. Policies and programmes relevant to rural livelihoods

101) Government policies relevant to rural livelihoods are articulated in a number of documents. The Agricultural Policy and Investment Framework (PIF), jointly developed in 2010-11 by the GOE and its Development Partners, has a ten-year horizon and an implementation road map. Its four thematic areas map onto the three pillars of the joint GOE-DP Rural Economic Development/ Food Security (RED/FS) Sector Working Group as indicated in the table below. The PIF is the vehicle to implement the **GTP priorities** in relation to agriculture that is: **Shift to production of high value crops; Commercialization of smallholder farming; Support to increase private investment in large commercial farms; Public investment to scale up the success realized so far; Development of a more transparent and efficient agricultural marketing system; Increased investment in marketing infrastructure; Intensified use of the countries natural resources, specifically water.**

#### *The Ethiopian Agricultural PIF – Thematic areas and objectives, priorities and donor support*

Thematic area and objectives	Areas of priority investment	No. projects and donor financing up to 2017	Indicative donor financing 1 <sup>st</sup> year
<b>Productivity and Production (RED/FS Agricultural Growth)</b>			
To achieve a sustainable increase in agricultural productivity and production.	<ul style="list-style-type: none"> <li>• Irrigation development</li> <li>• Skill development (including DAs and farmers)</li> <li>• Seed and fertiliser supply</li> <li>• Soil fertility management</li> <li>• Livestock development</li> <li>• Research</li> </ul>	41 projects 813 million US\$	65 million US\$
<b>Rural Commercialisation (RED/FS Agricultural Growth)</b>			
To accelerate agricultural commercialisation and agro-industrial development.	<ul style="list-style-type: none"> <li>• Market system and infrastructure</li> <li>• Cooperative development</li> <li>• Agricultural credit</li> <li>• Private sector support</li> </ul>	Combined with the first thematic area	95 million US\$
<b>Natural Resource Management (RED/FS Sustainable Land Management)</b>			
To reduce degradation and improve productivity of natural resources.	<ul style="list-style-type: none"> <li>• Natural resources development</li> </ul>	23 projects 399 million US\$	55 million US\$
<b>Disaster Risk Management and Food Security (RED/FS Food Security)</b>			
To achieve universal food security and protect vulnerable households from natural disasters.	<ul style="list-style-type: none"> <li>• Productive Safety Net Programme</li> </ul>	17 projects 2,196 million US\$	318 million US\$

102) DPs have committed to align their support to the PIF. However, the first review of the PIF (Feb 2012) highlighted that **donor support** in each of the pillars/thematic areas continued to be **highly fragmented** (this is also seen in the table above). **Implementation** of the PIF was found to be **uneven** and in some pillars, activities aligned with the PIF were implemented without agencies knowing that these were part of the PIF. Moreover, getting comprehensive data on PIF implementation (physical and financial) proved to be an impossible task. These findings suggest that there remains **some way to go** for the PIF to effectively succeed in strengthening **alignment, harmonization and consolidation of donor support to agricultural development.**

103) More fundamentally the PIF first review highlighted the continuing divergence of views regarding how best Ethiopia could invest in the rural/agricultural sector and specifically, how it should strike the **balance between pillars/ thematic areas in terms of resource allocations**.

104) As noted in the PIF first review document it is clear that there are important overlaps between the Climate-Resilient Green Economy Strategy and the PIF, hence the need to integrate these two frameworks. It is not entirely clear to this day how this is going to be achieved.

105) At a **more operational** level the years 2011-12 saw an **increasing focus on agricultural growth potential areas** with the take-off of the Agriculture Transformation Agency and of the Agricultural Growth Programme and the intensification of the GOE-donor dialogue through the RED FS Sector Working Group, chaired by the Minister of Agriculture. Food (in-)security remained an important topic on the livelihoods agenda with the rollout of the Household Asset Building Programme (HABP), the mid-term review of the Productive Safety Net Programme (PSNP) and HABP carried out in 2012, and the 'New Alliance for Food Security and Nutrition in Ethiopia' also established in 2012.

### **Food security**

106) In this RED/FS pillar there has been policy continuity through the **continuation of the Food Security Programme implementation**. At the same time there appears to be a growing sense that food security and agricultural growth are intimately linked. This was illustrated by the emergence of the 'New Alliance for Food Security and Nutrition in Ethiopia', which **broadens the food security agenda beyond strictly food sufficiency-related initiatives**.

### ***The Food Security Programme***

107) The government has continued to implement the Food Security Programme, with support from donors with regard to the Productive Safety Net Programme and the Household Asset Building Programme. The period was marked by the mid-term review of these programmes, commenced in February 2012 and completed in November 2012 – with in perspective: (i) the ambitious target of the GTP foreseeing that by 2015 most of the PSNP beneficiaries would have graduated and (ii) the fact that the current phase of donor support ends by 2014. The main conclusions of the mid-term review in relation to the PSNP and HABP outcomes have been summarized in section 2.4 above.

108) In operational terms the MTR raised a number of issues and reached agreements on how to tackle them. Notably:

### **For the PSNP**

- **Adequacy of PSNP transfers in cash** – The data shows that despite adjustments over the years the purchasing power of the PSNP cash transfers was consistently below 15 kg grain (e.g. average 11.9 kg from Jan 2010 to Aug 2012). Agreement that MOA and donors would hold quarterly meetings over the remaining implementation months to agree on purchasing power adjustments to be included in the last round of transfers in the season, based on evidence taking into account seasonality of food prices and differences in local market functionality.
- **Timeliness of transfers** – Timeliness fluctuated and only lately returned to satisfactory levels. Agreement that a fixed payment schedule system would be implemented (as piloted in SNNP and Oromia) to ensure primacy of transfer timeliness, and that the 'financial inclusion' pilot (electronic transfers) would be scaled up wherever conditions allow.
- **Caseload** – Agreement to revisit the issue of the current programme caseload, which some evidence suggests is lower than the 'real' caseload, and to base this on an analysis of the emergency caseloads in the CFI weredas.
- **Graduation** – Agreement to strengthen the programme approach to graduation through rolling out the Graduation Prediction System tested in pilot weredas and able to predict the number of households that could graduate in a kebele during a particular year, using GOE data on livelihood



zones and production and market data and to revise the graduation guidance accordingly - with immediate effect.

- **Continuity/coordination in/between support modalities** – Agreement to strengthen the continuum between regular PSNP transfers, contingency budgets, Risk Financing Mechanism and emergency assistance.
- **Planning and implementation capacity issues** – Past experience shows that (i) the PSNP-specific Performance Management System, designed in 2007, failed several times to be taken up and (ii) most capacity issues highlight the **critical impact of Human Resource Management policies and practices on capacity and performance of PSNP/HABP**. Agreement to develop a systematic approach to tackle capacity development issues at all levels, especially (though not exclusively) in pastoralist areas, based on lessons from past experience.
- **Accountability issues** – Agreement to develop a common approach to social accountability for the PBS and PSNP, and to launch a PSNP Social Accountability Programme as a component of the PBS SA Programme.

#### For the HABP

- **Loan fund availability** – The **federal government's decision of stopping the transfer of FSP block grant to Regions**, slow recovery of earlier loans (22% OFSP loans recovered by Nov 2012) and slow recycling of recovered loans into HABP lead to inadequate provision of rural finance for HABP. Agreement that Regions would develop specific projections and plans to the effect of assessing any financing gap.
- **Demand-driven livelihood diversification** – Thanks to a recent acceleration in rolling out HABP the 6 Regions concerned reported that over 60,000 business plans had been developed by late 2012 (approx 36% of PSNP caseload). Agreement that more attention needs to be paid to the quality of the business plans, to diversification options including on- and off-farm activities, to better responding to women and youth groups' needs and to the development of strategic off-farm Income Generating Activities (taking account of market saturation points) and employment opportunities.
- **Promotion of off-farm opportunities in rural areas** – DAs do not have the profile and skills and the MSE agency does not work in rural areas. Agreement that a high-level decision is needed to either bring MSE agencies on board at all levels or address this issue in another manner; and on the need to assess capacity gaps in DAs' ability to advise households including in relation to off-farm business plan development – to be developed through a common approach with other extension providers e.g. AGP.
- **Availability of critical inputs for income-generating activities (IGA)** (e.g. livestock inputs), and issues of **access to product and labour markets** – Agreement that regional level multi-stakeholders platforms for specific value chains should be established to support private sector engagement, complementing the national such forum to be established by the AGP for similar purpose; and agreement about the need to **develop a strategy to promote rural and urban linkages**, focusing on wage employment opportunities and strengthening value addition.

109) The MTR highlighted the need to **sustain and deepen PSNP engagement** in a number of new high-level GOE policies and strategies, notably the multi-sectoral **nutrition strategy**, the **Climate Resilient Green Economy strategy**, and the **Disaster Risk Management (DRM)** and **Social Protection policies** (both of which are currently pending approval by the Council of Ministers) – with a view to seeking **synergies** and as a basis for considering the future of social safety net programming beyond the end of the current PSNP phase at the end of 2014.

110) Specifically with regard to the latter two policies, on one hand there has been a growing recognition of the fact that among the PSNP beneficiaries there are **groups who will not graduate**

and for who continued government support should be foreseen as part of the array of **social protection measures** that should operationalise the (draft) policy. On the other hand, given the direct and massive **relevance of climate change to food security programming** in Ethiopia, consideration is being given *“to transform the existing PSNP into a Disaster Risk Management instrument that prevents, mitigates, prepares for and responds to climate-related risks and facilitate recovery and rehabilitation”* (PSNP MTR 2013)

111) The **Climate Smart Initiative** which has emanated from this line of thinking intends to

- Systematically integrate the implications of climate change into the current PSNP and HABP (e.g. improving local level planning of PWs, ensuring that livelihoods options promoted by HABP are climate resilient, improving community access to and use of weather forecasting)
- Think through how they might evolve into a **‘next generation’ resilience building programme** which would enable the government to manage risks related to climate change (e.g. securing climate finance for the long-term programmes, assessing the long-term sustainability of rural livelihood strategies)<sup>1</sup>.

### ***Expanded food security agenda***

112) The ‘New Alliance for Food Security and Nutrition in Ethiopia’ somewhat broadens the food security agenda<sup>2</sup>. Emanating from the G8 Summit at L’Aquila in 2009, it is an **alliance** between the Government of Ethiopia, the G8 members and other stakeholders in agriculture development to work together to **generate greater private investment in agriculture development, scale up innovation**, achieve sustainable food security outcomes, reduce poverty and end hunger. In this alliance the following commitments have been taken.

113) The **G8 donors commit** to support the Comprehensive Africa Agricultural Development Programme (CAADP) referred to in the Ethiopian PIF, recognizing the value of predictability in their financial and technical support over a sustained period of time. The overall goal of the G8 members’ support is to facilitate increase in private investment and scaling innovation. The G8 members intend to engage the relevant agencies of their member governments and also to bring to bear appropriate enabling actions to accelerate progress in the areas of finance and markets, science and technology, and risk management. To address the underlying causes of food insecurity, the G8 members intend to focus key resources/contributions on **agricultural growth-related investments**, in particular on agricultural and livestock production, productivity and marketing investments and the development of the **GOE’s priority areas** outlined in the **Agricultural Growth Program (AGP)**.

114) The **GOE commits** to pursue policies aimed to **build domestic and international private sector confidence to increase agricultural investment significantly**. The GOE intends to focus its efforts, in particular, on increasing stability and transparency in trade policy; improving incentives for the private sector; developing and implementing a transparent land tenure policy; and developing and implementing domestic seed policies that encourage increased private sector involvement in this area. The GOE reaffirms its intention to provide the required resources and mechanisms for dialogue with the private sector, farmers and other stakeholders and across government ministries, to achieve tangible and sustainable outcomes, the acceleration of Ethiopia’s development, and the delivery of tangible benefits to smallholder farmers, including women. The GOE reaffirms its commitment to mainstream nutrition in all food security and agriculture-related programs.

115) The box below presents the key policy commitments taken by the government in the context of this alliance.

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<sup>1</sup> TORs for a Consultancy to conduct piloting, analyse lessons and develop road map on how PSNP is transformed into an instrument that adapts to and manages climate risks. The TORs foresee that interventions making PSNP and HABP climate smart will be piloted in approx 24 weredas during the remaining 2 years of the programmes, to inform future programming.

<sup>2</sup> G8 Cooperation Framework to Support the New Alliance for Food Security and Nutrition in Ethiopia, undated; Report on RED/FS Broader Platform Meeting: New Alliance for Food Security and Nutrition in Ethiopia, 12<sup>th</sup> Sep 2012, Addis Ababa.

**Policy Indicators**

- \* Improved score on Doing Business Index
- \* Increased \$ value of new private-sector investment in the agricultural sector
- \* % increase in private investment in commercial production and sale of seeds.

**Objectives, Policy Actions and Timeline**

***Increase private sector participation in seed development, multiplication, and distribution***

1. Ratify seed proclamation. June 2012 – The Proclamation was passed on 24 January 2013 and is said to ‘address and overcome policy bottlenecks and changes in the national seed system which have emerged since the previous seed law took effect back in June 2000’<sup>3</sup>.

2. Establish protocols to identify any necessary regulatory/ administrative changes to implement the Proclamation: allowing market pricing of seeds; incentivizing the private sector to commercially multiply and distribute seed (incl focus on cooperatives); linking government research institutions to universities and extension services; incentivizing international seed companies to operate in Ethiopian seed markets; and allowing cooperatives and individual farmers to source seed from any supplier. December 2012

***Increase ability of the private sector to access markets by reducing barriers to competitiveness and increasing transparency of requirements***

3. Establish a one-window service that assists agriculture investors (domestic and foreign; small, medium and larger enterprises) to: obtain a business license; secure access to land; obtain market information on pricing and production availability; identify added-value opportunities (e.g. agro-processing, grading and sorting, warehousing and storage, etc); identify livestock industry and commercial ranching opportunities (e.g. abattoirs, feed lots, etc); and access financing. April 2013

4. Publish and disseminate business licensing procedures through local radio, internet and newspapers. April 2013

5. Implement policy measures, as necessary, that secure ownership and crop trading rights for commercial farms. December 2013

6. Commit not to impose export quotas on commercial farm output and processed goods. Sep 2012

7. Refine, as necessary, policies regarding agrochemical importation that ensure consistent application of regulations to private sector distributors and commercial farms; and to generic chemicals and brand name chemicals. June 2013

8. Refine, as necessary, regulatory framework to stimulate private sector engagement in livestock production, value chain development of animal products and health quality input delivery. June 2013

9. Support an independent study of the impact to date of the Ethiopia Commodity Exchange. June 2013

***Strengthen land use rights to stimulate investment in agriculture***

10. Extend land certification to all rural land holders, initially focusing on Agricultural Growth Program (AGP) districts (woredas). June 2015

11. Refine land law, if necessary, to encourage long-term land leasing and strengthen contract enforcement for commercial farms. December 2013

12. Develop and share a land use planning framework for highland regions and lowland regions of Gambella and Benishangul, which will result in sustainable land use as well as improved service delivery and viable livelihoods. April 2014

13. Further develop and implement guidelines of corporate responsibility for land tenure and responsible agriculture investment. June 2013

***Increase the availability of credit to the agricultural sector***

14. Enable financial institutions to support smallholder farmers and agribusiness (e.g. warehouse receipts, out-grower contracts, machinery leasing, etc.). December 2013

15. Strengthen credit bureau system to improve access to financial information. December 2012

<sup>3</sup> See <http://www.ata.gov.et/parliament-passes-first-new-seed-proclamation-in-over-12-years/> accessed 10 March 2013.

116) A number of **private sector actors** have communicated that they **intend to invest** in the agriculture sector in Ethiopia in support of the PIF, and to advise, shape and participate in broad, inclusive and sustained private sector consultative mechanisms with the government. As of May 2012, 14 companies had prepared and signed '**Letters of Intent**' **describing these intentions**. Other companies are welcome to prepare and sign Letters of Intent in the future. Those who had done so in May 2012 are listed below. Key intentions (sometimes building on existing activities) include the **provision of adapted financial services to smallholders** and other stakeholders and the **sourcing of agricultural products for agro-processing from smallholders**, often through cooperatives or unions<sup>4</sup>.

- Ethiopian Companies: Bank of Abyssinia, Guts Agro Industry, Hilina Enriched Foods, Mullege, Omega Farms, Zemen Bank
- International Companies: AGCO, Diageo, DuPont, Netafim, SwissRe, Syngenta, United Phosphorous, Yara International.

117) The emergence of the 'New Alliance' resonates with the shift noted by e.g. Lavers (2012), that **national food security** is no longer to be sought exclusively or even principally through improving food self-sufficiency in food-insecure areas; instead, a **trade-based approach** is emerging, which demands a **changed approach to land management and to investment in agriculture**. The 'New Alliance' can be seen as the expression of this shift in relation to investment in agriculture while as might be expected, the shift in land management approach is not as explicit.

118) A Private Sector Development Task Force has been established under the RED/FS group, to develop a road map outlining how the policy commitments taken by the government under the New Alliance framework will be implemented. Development Partners on their side are committed to and take measures to increasingly align their support to the government priorities (see section on the AGP below). In somewhat of a contrast, Letters of Intention are not binding instruments and both GOE and its development partners may find it more difficult to hold other partners in the Alliance into account. The Agricultural Transformation Agency (see below) is a major player in the operationalisation of the New Alliance.

## **Agricultural growth**

119) In this RED/FS pillar two major interlinked initiatives are the Agricultural Growth Programme effective in early 2011, and the establishment of the Agricultural Transformation Agency (one of the PIF Implementing Agencies).

### ***The Agricultural Growth Programme***

120) The AGP was launched in 2010. Its objective is to **increase agricultural productivity and market access for key crop and livestock products in targeted weredas, focusing on smallholders**, with participation of women and youth. It seeks to scale up existing best practices and innovations (in public sectors institutions, among farmers and in the private sector) in production, post-harvest value addition, and natural resource management (NRM); and to strengthen public and private advisory service providers' ability to respond to smallholders' needs. The AGP **also supports investments in rural infrastructure** (small scale irrigation, watershed management, rural roads and market infrastructure). Most interventions are supposed to be implemented in a decentralized manner, based on bottom up planning by local communities or farmer groups (formal or informal).

121) Specific benefits expected to arise from the AGP interventions include: improved production and productivity, value addition and market opportunities, resulting in increased incomes, employment opportunities and food security of the smallholder households engaged in the commodities targeted by the AGP. **Increased output, income and employment** in the AGP weredas

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<sup>4</sup> E.g. various agroprocessing companies intend to start/expand sourcing chickpeas, barley, coffee etc. from a target number of smallholders; Zemen Bank intends to devote the largest part of its loan book to agricultural exporters, and to provide substantial wholesale loans to several micro-finance institutions serving the rural areas.

is expected to result in increased demand for goods and services, which is expected to generate **additional income and employment effects** and increase GoE tax revenues. As the AGP is supporting relatively high potential areas, the increased output from these areas will **increase national production** and thereby contribute to growth in the overall GDP and national food security. In addition, increased exports and/or reduced imports will result in **foreign exchange earnings/savings**. Furthermore, it is expected that consumers will benefit from reduced consumer prices and improved availability of food commodities of better quality, which would in turn improve food security.

122) The AGP is therefore a sub-framework of the PIF, to which a number of donors contribute through separate programmes and a Multi-Donor Trust Fund. The AGP financiers include the WB (US\$ 150 million), USAID (50 million, parallel funding), CIDA (18 million), Netherlands (8.4 million), Spain (1.4 million) and the Global Agriculture and Food Security Programme (GAFSP) which provided US\$ 50 million as ‘AGP gap filling’<sup>5</sup>. The GOE contributes US\$7 million and local communities US\$20.8 million. Another US\$50 million is said to be expected from un-identified bilateral donors. The second JRIS mission aide-memoire (Jan/Feb 2012) mentions a contribution from UNDP. Moreover, the Ethiopia Nile Irrigation and Drainage Project (ENIDP, US\$ 180 million) is said to have the same objective as the AGP but focusing on a few large-scale irrigation schemes around Lake Tana.

123) Outside of the MDTF (but as part of the AGP):

- USAID finances a five-year Agribusiness and Market Development project (launched in 2011) in the Amhara, Oromia, Tigray and SNNP Regions. Through investments in up to four high-potential commodities per region (improving value chain competitiveness, identifying credit sources for MFIs and RUSACCOs, providing innovation grants to selected rural enterprises, supporting small rural infrastructure development) the project is expected to increase on- and off-farm employment for large numbers of smallholders and rural households and contribute to increased rates of private sector growth, trade and investment.
- USAID finances a five-year Livestock Market Development project (launched in Nov 2012) in the Amhara, Oromia, Tigray and SNNP Regions. Through investments in livestock markets (beef, dairy, and hides) the project is expected to improve smallholder farmer incomes and nutritional status, generate 2,600 new on and off farm jobs, and improve the livelihoods of some 200,000 households.
- The Netherlands finances a Capacity-Building for Scaling-up of Evidence-Based Best Practices in Agricultural Production in Ethiopia (CASCAPE), launched in April 2011.
- The Grant Agreement for the GAFSP was signed in February 2012; through this grant the Agricultural Transformation Agency (see next section) becomes a formal implementing agency of the AGP.

124) **Until Feb 2012 progress in implementing the AGP had been slow and uneven across implementing agencies, Regions and weredas, and components and activities.** However, the Feb 2012 JRIS mission reckoned that the plan had been unrealistic and that faster implementation would have been at the detriment of quality.

125) The AGP management through Steering and Technical Committees at various levels was said to function well, as well as the reporting by implementing agencies and consolidation at Regional and Federal levels. The **biggest constraint** to implementation was the **overall capacity limitation and high turnover of public employees**. The mission recognises that this is a fundamental problem throughout the government system which requires civil service reform – as indeed has also been found by the PSNP/HABP. However, it recommends mitigating measures such as outsourcing training/capacity building tasks, strong documentation and handing over procedures, and hiring of

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<sup>5</sup> The GAFSP was launched in 2010 following the L’Aquila G8 summit, as a response to the food crisis. It is managed by the WB and aims to address food security in low-income countries.

selected additional AGP contracted staff (e.g. for AGP focal persons in weredas or in regional Water Bureaus).

126) **Other implementation weaknesses** identified by the JRIS mission are **very similar to those experienced some years back and sometimes still today, by the PSNP/HABP**. This includes:

- The need for a more systematic approach to capacity building - The mission recommended that professional institutions should be involved e.g. universities, civil service colleges and AgTVET; and that independent impact evaluations be conducted.
- Constraints in transportation – Linked to slow procurement and/or approval by MOFED of agreed procurement e.g. cars for AGP weredas.
- Weakness in communication about the programme, resulting in low attention – The mission recommended that the AGP pocket guide be finalised and disseminated, better use of an AGP website, sharing of plans with kebeles and communities through public disclosure, and giving access to Information & Communication Technology (ICT) including cell phones for M&E officers.

127) In a bid to be more realistic the mission also recommended that activities should not yet expand to all kebeles in EFY05, but instead, the focus should be on consolidating activities through better planning, in the first-wave kebeles (40% targeted in EFY04).

128) The JRIS found that **participation by women and youth varied significantly across activities and Regions**. A particular concern was the **lack of planning for specific support** to women groups and women in mixed groups (including youth groups). The Women's Affairs Bureaux and Offices were part of the AGP Steering and Technical Committees and Gender Specialists had been recruited at federal and regional level but the impact of these measures was still weak. There was interest in developing an intervention focusing on women's engagement in non-farm activities in specific AGP weredas, proposed to be financed by the Japanese Social Development Fund. Progress by component is summarized in the box below.

*Progress in implementing the AGP – February 2012*

**Agricultural Production and Commercialisation**

- Delay in revising community-led participatory plans, limited understanding of how budgets for kebeles are allocated, earmarking by higher levels against the principle of full transferability between support to groups and investment in rural infrastructure depending on the community's preferences.
- Uneven and relatively unknown effectiveness of the measures aimed to strengthen key public advisory services – including FTCs.
- Many 'best practices' identified (176 in the four big Regions) but no common understanding or definition of the term 'best practice'; need for screening and validation mechanism –to be done in collaboration with the Netherlands-financed CASCAPE.
- Market and Agricubusiness development – Only starting now with the launch of the USAID-financed activity focusing on crop and honey value chains, implemented by ACDI/VOCA.

**Small-scale infrastructure**

- Small-scale irrigation – Concern that many designs are not up to acceptable standards (community consultation, strengthening of water users' associations, water potential assessment, technical design and economic feasibility). The mission agreed that designs should be reviewed by consultants hired at federal level and fast-track technical support being planned should be accelerated.
- Soil and Water Conservation activities – Little activity in this programme component, in spite of high level policy attention throughout the country. Substantial potential to improve performance.
- Feeder road development and market centre development – Delays due to unclear understanding of procurement process and demarcation of responsibilities and heavy workload on skilled personnel especially re: roads. Market development is more advanced in some Regions.

## ***The Agricultural Transformation Agency***

129) The Agricultural Transformation Agency (ATA) has been established in December 2010, following a two-year extensive diagnostic study facilitated among others by the Gates Foundation. Modelled after similar public sector bodies in Asia (Taiwan, Korea and Malaysia) it has since then expanded its field of action. Its structure and function is **focused on ‘nimble, innovative and results-oriented support to a range of partners in the agriculture sector’** (ATA website). In particular it works through the MOA structures at all levels.

130) In its initial stage the ATA is **focusing its efforts both geographically and programmatically**. Geographically the ATA focuses its direct support in implementing the solutions it develops (in partnerships with diverse actors) on **‘growth potential’ areas**. This includes the key parts of the country identified by MOA in the AGP; however, the ATA is working in a wider set of weredas.

131) Programmatically the ATA seeks to identify solutions in systemic bottlenecks in both key system areas and value chains of priority cropping systems. The initial focus is on the **seed sector, soil health and fertility management, cooperatives, input/output markets and extension and research**. The value chains initially prioritised are **tef, maize, wheat and pulses** – the first three accounting for respectively 27%, 21% and 16% of food production in the country. In the near future the Agency will expand its work to oil seeds and rice and further in the future will begin work in the livestock sector. The ATA also ensure that the solutions developed leverage the most appropriate technologies for Ethiopia and do not have any unintended consequences. To this effect it also works on a range of ‘Special Initiatives,’ focusing on Technology Access and Adoption, Gender Mainstreaming, Climate Change Adaptation/Environmental Sustainability and Monitoring, and Learning and Evaluation.

132) Examples of activities of the ATA are given in the box below.

### ***Examples of activities of the Agricultural Transformation Agency***

**Addressing the tef challenge** - Supporting on-farm productivity enhancement demonstrations (new planting techniques e.g. row planting, reduced seeds rate, transplanting), starting with 1,400 farmers at 90 FTCs, showing that yields can increase by up to 75% on average; further scaled up to 1,500 FTCs and 75,000 farmers in the four main tef producing Regions (Amhara, Oromia, Tigray and SNNPR); and expecting further multiplication effects through Regional BOA introducing these techniques to model farmers to more than 2.6 million farmers. Tef production manual distributed to 5,000 DAs.

Mechanisation: production of a row planter by private entrepreneurs with distribution in targeted areas; promotion of a multi-crop thresher reducing post-harvest losses and improving grain quality.

**Planting forward – Maize, wheat, barley** – Among others through facilitating strategic agreements for domestic contracts involving smallholder producers (e.g. domestic barley contracts instead of importing, tested with Diageo; delivery of 30,000 MT of maize from local farming unions to WFP). The ATA has also been charged by the government to develop and implement a three-year strategy to substitute all imported wheat by locally produced wheat.

**Making the chickpea connection** – Strengthening market access to capacity building efforts of selected cooperative unions, helping them to secure forward contracts with large domestic and international buyers, extension training for producers, facilitating access to quality inputs.

**Household Irrigation Programme** – Has identified 7 major bottlenecks: 1. Lack of readily available information on groundwater resource potential to recommend technically feasible water lifting and saving technologies; 2. Lack of data on high value crops for specific agroecology of the weredas; 3. Absence of well-trained manufacturers to produce quality manual and mechanized Household Irrigation Technologies (HIT) for smallholders, and lack of clear standards for HITs; 4. Lack of reliable supply chain for technologies and other inputs; 5. Absence of credit access to smallholder farmers to purchase HITs and other agriculture inputs during irrigation season; 6. Smallholders are not getting the right training and advisory support on irrigated agriculture and the agriculture research system offers limited attention to high value crops; 7. Frequent HIT failures and absence of locally available

maintenance services or spare parts. And started tackling these through groundwater mapping, identification of high-value crops, and development of standards for engine pumps.

**Seeds System** – Work on both the formal and informal system e.g. inputs in new seed law and revising of the regulations; and review of the informal seed system.

**Soil health** – Among others ATA has identified an affordable new technology that can create a detailed and functional soil map for Ethiopia and is developing the EthioSIS (Ethiopian Soil Information System), as a basis for effective land use decision-making including in relation to more suitable inputs.

**Use of fertiliser** – Effective decision-making with regard to inputs will also be informed by the results of ongoing complex fertiliser trials, underway in 100 weredas. Soil tests have indeed clearly shown that the current DAP+Urea mix was damaging the soil quality. Through field experimentation the ATA has been identifying fertiliser formulae which will be produced in four plants to be built in the four main agricultural Regions. While the plants are being built the ATA has identified two formulae that can be imported and will be used in large-scale demonstrations during the forthcoming growing season. The intention is that blended fertiliser will thereafter be available through the market.

**Extension** – Focus on improving DAs' capacity through revision of curriculum and improving on-the-job training through AgTVET and wereda-level support centres; Work on strengthening FTCs.

133) **Cooperatives** are a **cornerstone of the government agricultural growth strategy**, and indeed the **vehicle** through which the **ATA is working with farmers**. The Federal Cooperative Agency has recognised 40,000 cooperatives in Ethiopia, of which about 10,000 are agricultural in nature, and approximately 3,000 focus on a single agriculture commodity or irrigation. 7 million Ethiopians are members of cooperatives. Recognising their importance the government has developed an **Agricultural Cooperatives Sector Development Strategy**, addressing the government goals to improve smallholders' productivity and income by leveraging cooperative enterprises.

134) As part of the strategy some of the systemic interventions signalling the transformation of the cooperatives sector include:

- Advanced Certification for Agricultural Cooperatives - Comprehensive study underway to develop criteria, structure, and regulatory framework for certification
- Development of a Cooperative College 'Center of Excellence'
- Capacity Building – focusing in the first instance on the capacity of sesame cooperative unions in Tigray and Amhara Regions to strengthen their competency in domestic and international markets (construction of warehouses, technical training provided in key areas)
- Strengthening the Audit Services for Cooperatives
- Output Marketing: A guideline is being prepared for cooperative unions' output marketing.

135) The **ATA is also engaging in supporting the development of Public Private Partnerships (PPP)** with a view to addressing the needs of investors in order to accelerate agricultural investment. To this effect the ATA promotes and facilitates the development of **direct linkages between buyers and Ethiopian smallholder farmers** through contract farming and forward delivery contracts (as part of its barley, tef, maize and sesame programmes). The ATA also showcases investment opportunities at international business forums with a view to engaging Ethiopian cooperatives with investors in greatly expanded ways such as Build-Operate-Transfer schemes.

### **Links between agricultural growth and food security**

136) The RED/FS and the PIF are supposed to be the overarching structure and framework linking up the **agricultural growth and food security agendas**. In somewhat of a departure from the earlier reviewed periods there are signs that these agendas are indeed **more regularly considered together**.

137) The 'New Alliance' brings these agendas together. However, there is **no detail** about how the **benefits of this indirect approach to food security** will reach the food insecure areas outside of the 'growth potential' ones targeted by the New Alliance. How exactly the AGP will contribute to national



food security is also hardly elaborated in the AGP documentation. The USAID AGP projects go a little further and mention that they will work together with USAID projects in food insecure areas (linking the 'Productive Ethiopia' and the 'Hungry Ethiopia'). Some examples are given (e.g. link investments in technology and marketing effectiveness in both types of areas, joint work to identify opportunities for farmers in both areas to jointly source inputs). But the GTP APR for 2011/12 does not mention the integrated approach to food security which premises the New Alliance.

138) Together, these trends suggest that there may be a **risk of a 'pendulum' movement**, with attention and resources moving quite significantly away from food insecure areas **to concentrate on growth potential areas** (in contrast with what has seen thus far as shown in the PIF table above).

### **Other relevant policies**

139) The sections above talk about policies aimed to support primarily agriculture-based livelihoods. However, on the donor side there is a growing realization that for an increasing number of rural households farming is no longer a viable option (World Bank CPS 2012) and there is a **need to develop and support non-farm options in rural areas** (as called for by the PSNP/HABP mid-term review and the AGP). Indeed in the rural communities researched in WIDE 3 Stage 2 we found both stratification, with the emergence of a 'class' of landless daily labourers, and diversification outside of agriculture-based options. But apart from some credit in some cases there was little if any support from the government for non agricultural options. Rural youth are the most directly affected: many are landless, have little prospect to ever get land and limited or no formal employment prospects, and thousands of graduates have other aspirations than returning to their parents' farm.

140) The question is: **what government policies and programmes** are there for people (most of them young) living in rural areas but with no chance to 'make it' through agriculture or a related livelihood? In the next section we review the government **policy for the development of and support to micro and small enterprises**, which could be relevant. **International migration** is not talked about as a development strategy in either government or donor documentation. Yet, we found it to be an important element in several of the WIDE 3 Stage 2 communities. We briefly discuss this topic in the concluding section of this review of GOE's livelihood policies.

### **Development of Micro and Small Enterprises**

141) The government's focus on the development of Micro and Small Enterprises (MSE) is one of the strategies advocated for in the National Employment Policy and Strategy of 2009. The government developed a Micro and Small Enterprises strategy in 1998, and revised it in 2011. However, there seems to be some **lack of coherence with regard to how rural areas are considered in the NEPS** on the one hand **and in the MSE Strategy** on the other hand.

142) The **National Employment Policy and Strategy** (NEPS) provides a framework to guide interventions aimed at improving employment and its poverty outcomes in the country. The NEPS objectives are three-pronged: enhancing social welfare, accelerating economic growth, and achieving political stability. The NEPS aims to '*address problems of unemployment, underemployment, poor working conditions, and the lack of job protection particularly in the informal sector, through a coordinated employment policy that ensures a smooth operation of labour demand, labour supply and labour market institutions*' (NEPS 2009). In the understanding of those who drafted the policy, unemployment in Ethiopia was primarily an urban issue; underemployment was found in both rural and urban areas; rural-urban migration had to be 'addressed' as it increased urban unemployment.

143) The policy encompasses rural areas in its intention to generate employment. More specifically, **promoting non-farm activities in rural areas** is part of the strategies that the NEPS foresees to be implemented. It states that:

*To enable the rural poor to benefit from non-farm activities, there needs to be an expansion in rural micro-finance institutions, training programs on business skills and expansion in rural infrastructure. Actions should be taken to provide the poor with access to non-farm income*

*generation and employment opportunities... Small market towns need to be developed in rural hinterlands to promote rural-urban linkages. The towns will serve as satellite stations to link rural economy and labor with opportunities in non-farm activities and major cities.*

*Non-farm employment can contribute to poverty reduction through offsetting fluctuations in farm incomes, overcoming credit and risk constraints on agricultural innovation, and providing productive employment for the landless households. Such programs also contribute towards reducing rural-urban migration that arises owing to problems related to land fragmentation and low agricultural productivity in the rural areas. Growth in agricultural surpluses is expected to encourage upstream and downstream non-farm activities.*

144) While the NEPS does not include much detail, the intention that non-farm activities in rural areas should be developed and supported is therefore very clear.

145) In contrast, **the MSE (revised) strategy of 2011 focuses exclusively on urban areas**. Candidly, the strategy states that the government has its ‘*own political reasons for giving priority to MSE development*’ and these reasons are urban-focused: while the government is devoted to ensure that farmers benefit as they are the ‘*bases for the developmental state in rural areas... and for mobilising the community and bringing about development and good governance*’, in urban areas it is ‘*the MSE that play a great role... as they use their resources and labour intensive similar with the farmer in rural areas. That’s why the government gave attention and priority to MSE, as they help to mobilise the urban community as a whole*’ (revised MSE strategy 2011). The box below summarises key features of the revised MSE strategy.

*Key features of the GOE revised MSE development strategy (2011)*<sup>6</sup>

**Need to change attitudes vis-à-vis MSE and TVET**, including among local leaders, through an ‘*organised political movement*’; **Use of model actors; No free hand-out** (access to credit against savings by concerned individuals or their families, rent/fee-based access to production/marketing facilities, access to machinery through lease, taxes, MSE should be legal entities to get access to support) – Poor people who do not have any savings should be encouraged to undertake activities not demanding capital e.g. cobbe-stone chiseling, until they have been able to save and can invest in more productive activities.

**TVET centers are responsible for HRD and technological growth of MSEs**. The best regional TVET will be selected as capacity building centre. Need to strengthen TVET capacity to deliver skills, training and consulting/advising services and improved technology for MSEs to adopt/replicate. TVET and MSE agencies must work closely together. Regional MSE agencies send enterprises to be trained to TVETs. TVET budgets for industrial extension to be allocated by regional government.

Regional and wereda governments should construct **business centers/clusters** to address lack of **production sites and facilitate marketing**; establish **one-stop shop services at wereda level**; **link MSEs with government projects** (e.g. integrated housing development projects and others) and with medium/large-scale enterprises (identifying sub-contracting/contracting-out opportunities).

The National Bank of Ethiopia should work with MFIs on the **provision of credit**. Credit guarantee funds will be established by regional governments. Credit supply will focus on enterprises producing for **export**; engaged in **construction** and in **import substitution**; **model enterprises** – against a business plan, bookkeeping and audited accounts. MFIs will be encouraged to expand the range of possible collaterals (e.g. group, family, business assets, urban administration guarantee).

Selected targets for the GTP period: 3 million job opportunities; 21,000 sheds and 8,000 buildings for 1.7 million actors registered as enterprise; 11 billion birr credit extended and loans recovered to 80%; 1,700 prototypes developed for adoption/replication by MSEs.

<sup>6</sup> The strategy also revised the definition of micro and small enterprises. Micro enterprises employ maximum 5 persons including the owner, and have assets under 100,000 or 50,000 birr in the industrial and service sectors respectively. Small enterprises employ 6 to 30 people and have assets larger than the micro enterprises but under 1.5 million birr and 500,000 birr in the industrial and service sectors respectively.

146) The **GTP APR for 2011/12 is upbeat about the progress made**. It reports that in the course of the first two years of the GTP 2 billion birr credit has been extended to MSEs. This and the number of sheds and buildings provided will need to be accelerated to achieve the GTP targets. But the results in terms of job creation are on-track, with 1.6 million jobs created thus far (at end 2011/12).

147) However, the implementation of the MSE strategy is **not without challenge**. It requires a high degree of collaboration and coordination between many agencies of various types, which is usually not easy to achieve. There are some doubts about the capacity of most 'one-stop shop services' established so far, and TVET institutions also struggle to fulfil the ambitious mandate that the strategy foresees for them<sup>7</sup> (see section below on TVET, in education).

148) One study focusing on the role of industrial clusters, one of the pillars of the MSE strategy implemented thus far mainly in Addis Ababa, presents a sobering picture, although it also stresses that the use of industrial clusters is still fairly recent in Ethiopia<sup>8</sup>.

#### The theoretical advantages of clusters

Industrial clusters are defined as the concentration of economic activities of a certain sector in a certain location producing similar and closely related goods. Industrial clusters include not only the concentration of output producing enterprises, but also input suppliers, output buyers, various service providers and in some cases government and non-governmental institutions. Industrial clusters provide a wide range of advantages that enable enterprises to become competitive and profitable. The availability of inputs, specialized labor and various services in nearby locations help reduce costs of doing business within clusters. The presence of various actors close to each other also facilitates easy flow of knowledge and information exchange. Moreover, the trust that naturally develops within clusters helps provide the basis for joint actions (cooperation) to invest in common facilities and facilitate smoother commercial transaction, reducing risk and uncertainty. Industrial clusters typically lead to large markets that enable enterprises operate at a larger scale arising from the division of labor within clusters.

In Ethiopia MSEs selected to get access to a space in a cluster are provided with a package of support services including Training and information about saving and access to credit; Business Development Service (BDS); Industry extension services; Trainings to upgrade the marketing skills of MSEs and provide information to enable enterprises look for market opportunity independently; Linking enterprises with big companies and assisting them to participate in government purchases and bid invitations. Enterprises are not supposed to stay more than 5 years in a cluster.

149) The study, focusing on a number of cases of **government created clusters**, found that although there were a few positive outcomes, **in general it was challenging** to obtain the foreseen advantages of clustering. This had to do with a number of reasons: "1. *The selected production locations did not take into account the types of available market outlets, input markets and skilled labour availability*; 2. *When building the premises, limited attention was given to the production organization and working conditions of enterprises and specific sectors*; 3. *Appropriate incentive structures were not put in place to attract potential enterprises that could actually benefit from the intervention*; 4. *Basic infrastructure like water and electricity were not provided in time. As a result of these, most of the premises are unoccupied or abandoned even if they were given out at highly subsidized rents.*"

150) The study also concludes that "*functional elements of clustering such as trust, collaboration and tacit flow of knowledge usually take time to develop and a top-down approach to cluster development should therefore be exercised with caution*". A more natural role for government is to facilitate the formation, growth, or scale-up of emerging clusters by providing basic infrastructure e.g. road and electricity, supporting institutions and a conducive business environment.

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<sup>7</sup> Personal communications of experts involved in the TVET sector in Ethiopia since several years

<sup>8</sup> *Government role in cluster development for MSEs: Lessons from Ethiopia*, Merima Ali, CMI report 2012/2, Sep 2012

151) Regardless of its success or otherwise, however, **as it is implemented the strategy is irrelevant for anyone from a rural community** (except if she/he migrates in a city, and it is unclear but unlikely that recent migrants would easily get access to the MSE services that might be on offer). Thus unlike the NEPS, the MSE fails to recognize that developing non-farm job opportunities or activities in rural areas and small market towns is necessary, and economically rational as underemployment may well now be at least as high in rural areas than in urban areas<sup>9</sup>.

152) One should note that while the PSNP/HABP and AGP donor groups seem convinced of the importance of supporting non-farm activities in rural areas, other major donor programmes reflect the urban bias of the MSE strategy. This includes a recently approved Women Entrepreneurship Development Project of the World Bank – which targets exclusively women living in cities.

### ***Migration and development***

153) **International outmigration has become a significant phenomenon in Ethiopia.** Internationally there has been a longstanding debate about ‘migration and development’. Most recently a special issue of the International Office for Migration (IOM) ‘International Migration’ Journal has revisited the topic, painting a much nuanced picture. The box below summarises a few insights from this review, as a backdrop for the discussion which follows of migration and development in Ethiopia.

#### ***Migration and development – An international debate<sup>10</sup>***

The debate about migration and development is far from new. It has swung back and forth like a pendulum, from optimism in the post-war period to deep “brain drain” pessimism since the 1970s towards neoliberalist “brain gain” since 2000<sup>11</sup>. For de Haan (2012), these shifts have deep ideological and paradigmatic roots. He stresses that the recent views celebrating migration as self-help development ‘from below’ are partly driven by neoliberal ideologies that shift attention away from structural constraints in the sending countries and in that way ‘let off the hook’ the governments of these countries, allowing them to shirk the necessary political and economic reforms.

For Sorensen (2012), there is an unresolved contradiction in the western discourse, on the one hand hyping ‘migration and development’ and the migrant as a superhero contributing to her/his country’s development through economic and social remittances (transfer of human capital and social ideas and practices) and on the other hand linking migration to (in-)security and raising identity risks of all kinds potentially arising from migration<sup>12</sup>. It is also important to realize the migration policymaking is asymmetrical and migrant-sending countries most often play a limited role in it, let alone individual migrants. Moreover, in spite of the interest expressed in ‘making migration work for development’, actual resources devoted to this have remained very limited.

Schiller (2012) states that migrants are more often than not overworked, underpaid and living and working in increasingly difficult conditions. She stresses the costs of all kinds of migration, and that structurally disadvantaged poor migrants ... will not be transformed through remittances.

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<sup>9</sup> In 2005 underemployment was higher in urban areas (34%) than in rural areas (27%). However since then, urbanisation has likely been slower than the massive increase in numbers of educated rural youth having no or little access to land so that proportional effects must have changed. The 2005 data is from the CSA 2004/5 labour force survey for the country as a whole. There is no recent such data. In 2009 and 2011 the CSA carried out employment surveys in urban areas only. Whatever data there is is analysed in the International Growth Centre paper: *Youth Unemployment – Ethiopia Country Study*, Working Paper 12/0592 August 2012.

<sup>10</sup> See 2012 IOM in bibliography, *International Migration* Vol. 50 (3) 2012

<sup>11</sup> E.g. it has been said that the reduction in poverty income in Nepal from 42% to 26% in 15 years was mainly due to outward labour migration and remittances, over and above FDI and ODA. Scholars from the Centre for Global Development have done research suggesting that lowering barriers to labour movement could mean benefits of 350 \$ billion a year – about twice as much as combined estimated gains from full trade liberalisation, foreign aid and debt relief.

<sup>12</sup> Thus while some would like to see the post-2015 MDG framework include migration they doubt if it will be feasible considering the sensitivity of the topic, especially as in the ‘global North’ immigration policies have generally become tighter (see ECDPM Talking Points, 27 July 2012, A. Knoll).

Economic transformation (in the sending country) also requires addressing the very structural issues that push people abroad.

However it is important, she says, to be aware that most policymaking – be it by sending countries' governments or donors – start from a 'sedentary bias'. Yet '*migration is a recurring phenomenon*' and '*a key aspect of social transformation affecting all parts of the world today*'. It is therefore important, according to the special issue's authors, that **migration and mobility patterns in any developing country become part of the background knowledge of any development policy.**

154) **International migration**, whether it is looked at from a development or a security viewpoint, has also become an '**industry**' worth billions of US\$ and on which little is known. Part of it is 'legal'. However, the **distinction** (in this intermediation 'industry') between **legal facilitation** of international migration, **smuggling and trafficking is all but clearcut**. Trafficking evokes coercion to illegally recruit and transport people across borders, for a profit; smuggling is illegal and 'for profit' too, but not coercive. But when migrants are deceived by people others than those who have smuggled them the distinction does not mean much in practice. Moreover, 'consent' which is a prerequisite for any migration to be considered as legal is also an ambiguous term: the decision to migrate may not be taken by the individual but her/his family and/or it is consent out of despair<sup>13</sup>. Finally, there are ways of obtaining illegally the documents necessary to migrate legally<sup>14</sup>. Efforts to control illegal migration often lead to greater numbers using illegal means and these becoming even riskier and costlier.

155) There was no time to undertake a comprehensive review of the literature on **migration in Ethiopia**. However, a couple of recent papers highlight the complexity of the phenomenon, relating it to issues of **demographic transition and youth expectations**. These papers focus on internal migration but their arguments and limitations apply equally to international migration.

156) Teller et al (2011) show that **rural-urban migration**, especially by the younger generation, is an **increasingly common response to land shortages and population-resource imbalances in rural Ethiopia**, in a context in which '*small towns and medium-sized cities are seeing unprecedented revival and economic renewal*'. Such increase is a positive thing according to them – provided gainful jobs are found by the migrants<sup>15</sup>. This is because, in addition to being economically rational and potentially economically successful, increased migration contributes to accelerating the demographic transition (toward lower fertility) that Ethiopia so much needs<sup>16</sup>. However in drawing the balance the authors seem to completely overlook the **complex socioeconomical effects of outmigration for the 'sending communities'**.

157) In a PhD thesis looking at 'aspirations, unemployment and status among young men in Jimma'<sup>17</sup>, Mains (2007) shows how migration is related to **changes in the ways youth transition to adulthood** in Ethiopia – changes largely arising from a '**ruptured link**' between **education and employment** that makes many young men unable to experience progress in the manner they desire. In such a context, he says, migration occurs as **youth can no longer become adult** or experience progress by **moving through time** (because of constraints on livelihood opportunities) and seek to do so by **moving through space**. This allows them to move from dependency to being able to assist/provide support for others, which is key in the local conception of adulthood and of progress.

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<sup>13</sup> This paragraph draws from an unpublished draft paper prepared by Bina Fernandez, University of Melbourne, for the 18<sup>th</sup> International Conference of Ethiopian Studies in Dire Dawa in Oct-Nov 2012.

<sup>14</sup> See <http://www.regionalmms.org/fileadmin/content/featured%20articles/RMMSbooklet.pdf>, for the Gulf countries. This was also reported to be the case for South Africa.

<sup>15</sup> *Demographic Transition and Development in Africa: The Unique Case of Ethiopia*, Charles Teller and Assefa Hailemariam, Eds., Springer 2011.

<sup>16</sup> This is because young migrants may postpone marriage and make fewer children as they are not as much at home, and because they adopt different ideas about family sizes etc.

<sup>17</sup> '*We are only sitting and waiting*': *Aspirations, Unemployment, and Status among Young Men in Jimma*, Ethiopia, Daniel Mains Ph.D., Emory University, 2007, Department of Anthropology.

158) Migration is also linked to perceptions of modernity influenced by consumption of international media and watching video, attending schools and chewing chat (in Jimma). It allows taking on employment opportunities which young men would not take 'at home' because of prevailing social norms. In this sense it is a means of constructing an identity associated with 'modern' places that allows young men to overcome barriers to achieving progress through linear processes such as education and employment which as said above, are ruptured.

159) The **GoE's attitude to international migration is complex and ambiguous**. The legal and policy framework is summarized in the box below – including a number of issues arising in practice.

***The Ethiopian legal and policy framework for international migration<sup>18</sup>***

Smuggling and trafficking are handled under criminal law. Migration is regulated through specific proclamations<sup>19</sup>. Two of these predate the large emigration flows seen since the late 1990s. The two more recent ones offer better protection to migrants. In particular, the 2009 amendment to the Proclamation on Private Employment Agencies (PEAs) was an attempt to impose higher levels of accountability on PEAs for the welfare of migrant workers in destination. The GOE has also started signing bilateral labour agreements (e.g. in July 2009 with Kuwait).

Limitations to the effectiveness of the legal and policy framework include the following ones. First, agreements are non-binding. Second, Ethiopian embassies in destination countries do not have the staff and capacity to handle cases of people seeking help. Third, beyond the Criminal Code provisions there is no legislation specifying how to treat trafficking. Law officials make little distinction between trafficking and smuggling. Investigations of alleged trafficking by the Federal Police are few; both the number of cases handled and of convictions are very low<sup>20</sup>. As of mid-2012 several attempts to coordinate the many government agencies involved in combating trafficking had been ineffective.

The stronger demands put on the PEAs drove their number down from 110 in 2009 to 60 in 2010. There is evidence that some of the PEAs driven out of business went illegal. Moreover, licensed PEAs use illegal brokers to recruit; and it is likely that only a part of their business is legal i.e. that they also 'process' illegal migration cases, and charge unrecorded extras to would-be migrants. Illegal migration is attractive to many not so much because it is cheaper, but because of the time involved in going legally – which can take up to three months.

160) **Legal outmigration of female domestic labour force to the Gulf countries** has become a significant **source of forex**. The Ministry of Labour and Social Affairs (MOLSA) reportedly indicated that about 160,000 Ethiopian women went to work in Saudi Arabia in 2011/12, ten times more than the preceding year. The GTP APR for 2011/12 indicates that 198,667 Ethiopian citizens (187,931 women) were sent to foreign countries, much beyond the 40,000 target and much higher than the year before – though this was not reported in the APR for 2010/11.

161) The UN believes that **tens of thousands more migrate illegally each year**, women as well as men<sup>21</sup>. The Gulf/Arab countries are one destination for illegal migration, often reached through Yemen through the sea and various routes before this<sup>22</sup>. A report called '*Desperate Choice*' (dated October 2012) indicates that 75,000 Ethiopians arrived in Yemen in 2011, double the number in 2010. The cumulative number since 2006 was at least 230,000. Many have plans to travel farther but those with little resources have to work in Yemen to be able to pay smugglers to do so. Most were

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<sup>18</sup> This draws entirely on Bina Fernandez's research.

<sup>19</sup> Labour Proclamation 42/1993, Directive on Employment of Ethiopian Nationals Abroad 1994, Private Employment Agency Proclamation 104/1998 and its 2009 amendment and Employment Exchange Service Proclamation 632/2009.

<sup>20</sup> Between 10 and 20 convictions out of 200-300 cases reported between 1995 and 2008. The reliability of the data is problematic but this gives an order of magnitude compared to the hundreds of thousands of people attempting to migrate.

<sup>21</sup> The IOM 2011 report talks about a huge increase in particular by the youth. UNHCR data shows between 54,000 and 104,000 people arriving annually in Yemen, about 80% of them Ethiopians (see <http://allafrica.com/stories/201212211012.html> ).

<sup>22</sup> (<http://www.regionalmms.org/fileadmin/content/featured%20articles/RMMSbooklet.pdf>)

motivated by the lack of opportunities in Ethiopia. Most wanted to return to Ethiopia once they had earned enough. Organisations working in Somalia and Djibouti where many boats come from report that many migrants do not know there is a sea to cross to reach Yemen. South Africa has emerged as a 'new' destination – it has been present for a long time in some parts of Ethiopia but appears to be rapidly picking up, involving journeys through land and sea routes that evolve as controls on borders become tighter or more expensive in bribes.

162) Fast-increasing illegal migration abroad is indeed what we found in two very different WIDE 3 Stage 2 communities in late 2011/early 2012 (migration to Saudi Arabia in Harresaw in Eastern Tigray and to South Africa in Aze Debo'a in the Kambata zone of SNNPR). The media has regularly reported on harrowing events on both routes, and in destination countries. But salaries of 100-150\$/month when a maid in Ethiopia might get 12\$ are clearly a very powerful incentive.

163) The government has formed a **new Task Force under the presidency of the Deputy Prime Minister**, Minister of Education and given the task of '*stopping human traffickers from smuggling young Ethiopians abroad*'<sup>23</sup>. So far the Task Force is reported to have established '*branch offices in all the nine regions and two city administrations with a responsibility of putting in place mechanisms to control illegal trafficking of people from regional cities and remote areas*' and has developed guidance for its activities. When catching people undertaking to migrate illegally they stop them and 'educate them on their journey'. 61 cases have been opened against traffickers.

164) But as noted in the press: '*judging from the depth and magnitude of the problem at national level, what the national task force has done so far is simply trying to put the fire out after it went off*'. This is a **good start** but **more is required to address the very reasons why the fire went off** that is, '*unemployment and the search for a better life*'.

165) At the same time, in the context of their work with the Ministry of Women, Youth and Children Affairs to review and revise the Youth policy, UNICEF reportedly would like to initiate a debate about innovative ways of thinking about (legal) migration abroad for educated youth facing unemployment at home. This is interesting but unlikely to target those very people who currently are lured by international migration by whatever means, many of whom have at most a Gr10 education level. In the case of the young women migrating as housemaids MOLSA indicates that almost a quarter cannot read and write<sup>24</sup>.

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<sup>23</sup> See <http://addisstandard.com/?p=1900>. This is also reported in the GTP APR for 2011/12.

<sup>24</sup> See <http://www.redress.cc/global/gpeebles20120703>

### 3.3. Policies and programmes relevant to the Human Re/pro/duction field

#### Health and Nutrition

166) The government long term objective is to **ensure ‘universal health coverage’ (UHC)** so that all people in Ethiopia have access to quality basic health care whatever their financial capacity. Ensuring UHC is an international movement called by WHO in 2005 and reminded by the UN General Assembly in December 2012. Ethiopia FMOH’s vision of producing healthy, productive, and effective citizens implicitly implies UHC. The government health policy of 1997 explicitly establishes as a key goal the *‘development of an equitable and acceptable standard of health service system that will reach all segments of the population within the limits of resources’*.

167) To this effect the government is implementing the health policy through a series of medium term Health Sector Development Programmes (HSDP). The HSDP IV is mid-course. Two major reforms undertaken under its predecessor and continued under this fourth planning period are the **health sector financing reform** and the **rollout of the health extension programme**. Both are crucial to UHC and have now been implemented since a good number of years. Important findings have come to light, which are summarized below. Before this, the section gives an **overview of progress and challenges**. There is also a focus on **maternal and newborn health** and **nutrition** as increasingly important items on the agenda of the government/donor dialogue.

#### *Overview of progress and challenges in the health sector*

168) The last five years have seen **remarkable progress in a number of health outcome indicators** as documented for instance in the EDHS 2011 (see above), albeit from a **very low basis** and with big **disparities** between Regions. These achievements are all the more remarkable that by international standards and in spite of a considerable increase in Total Health Expenditure (driven by significant increases in government spending, out-of-pocket spending by people and external resources), the overall resource base for the sector remains low (in 2007/8 total per capita spending on health in Ethiopia was half the average of that of SSA countries)<sup>1</sup>.

169) The HSDP IV Annual Performance Report for 2011/12 presents a **mixed picture with regard to outputs**; a good number of targets are missed and some indicators have regressed compared to 2010/11. There is agreement that key challenges going forward include:

- Keeping up with **population growth** in terms of access/coverage
- Reaching the **‘hard-to-reach’ areas** where service costs are going to be higher
- Addressing **demand-side barriers** – in areas like maternal and newborn health for instance
- Raising the **quality of health services** – which in turn significantly depends on a better-skilled and motivated health work force at all levels.

170) One of the major **challenges** faced by the sector is to **ensure full functionality of the massively expanded health infrastructure**.

#### *Expansion of Health Infrastructure over past ten years*

	2001/2	2004/5	2011/12
Health Posts	76	2,899	15,668
Health Centres	412	2,689	2,999
Hospitals (all types)	87	126	195

171) The deployment of **two new cadres of health professionals** – the health extension workers at health post level and more recently, the health officers at health centre level – is one response to

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<sup>1</sup> Statistics from the latest National Health Accounts in 2007/8, released in 2010. No further NHA data are available. As noted above the government budget has continued to increase since then (see p.13).



this challenge. Over the past 7-8 years, over 35,000 HEWs and 3,000 Health Officers have been trained. But there have been mounting concerns about **health staff workload, pay, satisfaction and motivation**. There has been some discussion on increasing health workers' salaries between the FMOH and MOFED but it stalled as this must be part of an overall debate on civil service reform. In the meantime, various measures have been taken and others are being considered by the FMOH.

#### Motivating health workers

**Existing measures:** Doctors and nurses get out-of-hours bonuses. HEWs working in emerging Regions are supposed to get staff accommodation. According to the new HEP guidelines (Oct 2012), HEWs should be taking annual leave in July and August, one at a time; the guidelines also clarify that HEW transfers should be considered every two years and prioritised based on performance.

**Measures under consideration:** The Health Sector Financing Reform mid-term evaluation (see below) strongly stresses the importance of enhancing the performance of health personnel through **performance-based incentives**. It is suggested that if this cannot be done rapidly through the overall civil service reform the health authorities should consider allowing the use of a part of the retained fees at facility level to finance such a scheme in the health sector. The team also recommends paying attention to this issue for the HEWs – as there are no fees at the HP level. Elsewhere it is mentioned that the FMOH is also exploring the possibility of rewarding bonuses to health facilities (not individuals) based on good performance (DFID annual review 2012).

172) The government also aims to strengthen systems providing essential medicines and medical supplies (establishment of a revolving drug fund and overhaul of logistics and supply chain management; establishment of Pharmaceutical Fund and Supply Agency/PFSA in 2007). A tracking study conducted in 2011 reported major improvement in reduction of stock-outs of essential commodities in primary health facilities. This, however, was not the case in most of the WIDE 3 Stage 2 sites. The Joint Review Mission carried out to prepare the 2011/12 APR also highlights that all Regions report challenges in getting drugs and medical supplies from the PFSA hubs.

#### **Health sector financing reform (HSFR)**

173) The reform of the financing of health care is not new on the government agenda. The foundation for it was laid down with the Council of Ministers approving the FMOH proposed Care and Financing Reform Strategy in 1998. This section focuses on the aspects of the HSFR which are most directly relevant for the rural communities that are the focus of the WIDE 3 research that is: (i) the retention and utilization of revenues at the health facility level; (ii) the governance of health facilities; (iii) the revision and updating of user fees; (iv) the exempted service and fee waiver system and; (v) the development of a Community-Based Health Insurance (CBHI) system. A mid-term evaluation of the longstanding support by USAID to reforms of the financing of health care was carried out in 2011 and yielded the findings summarized below<sup>2</sup>.

174) **Revenue retention and use** – The policy was **found to be a success**. 88% of the hospitals and 79% of the health centres implement it – though with significant variations across regions (e.g. 100% and 94% of the health centres in Oromia and SNNP vs. 56% and 48% in Tigray and Amhara). In a presentation in June 2012 the FMOH stated that the policy had enabled health centres to increase their operational budget about three fold compared to what they used to obtain from the wereda.

175) The policy intention was that retained fees were expected to be additive to government funds allocated for essential services and drugs. The review established that wereda allocation to health did not decline over time in absolute terms or in share from the total wereda spending. **However, budgetary allocations for drugs had declined** due to operational budget shortages and limited fiscal space for all the sectors at wereda level. This indeed resonates with findings from the Stage 2 WIDE 3 research. Our research showed that this lack of fiscal space at wereda level also resulted in drug

<sup>2</sup> Evaluation: Ethiopia Health Sector Financing Reform – Midterm Project Evaluation, USAID, December 2011

shortages at health post level. This seems to have been picked up by the review too as it recommends that GOE should *'look into ways to use a certain percentage of the health centre's retained fee to strengthen the quality of care at its satellite health posts'*. Surprisingly, the issue of lack of fiscal space at the wereda level is not dwelled upon.

176) **Facility governance** – Again this is **seen as a success** with the establishment of **facility governance boards** across the country as a whole. The policy intention was to strengthen community's ownership of health facilities. The review gives a sense that at health centre level a lot depends on the personality of the head<sup>3</sup>. But there were positive examples where in addition to their planning and oversight role, Board members had become advocates for increased resources during cabinet and public meetings. In some instances the Boards had been instrumental in bringing complaints about service delivery to the management of the health centre and hospital. One major challenge was the very high turnover among Board members.

177) **The revision and updating of user fees** – Based on the realization that user fees, not revised for a long time, were nominal, provisions for setting and revising user fees were included in Health Service Delivery Management and Administration (HSDMA) proclamations, regulations, and directives issued by the regions after the approval of the FMOH reform strategy. The HSDMA frameworks state that: (1) initial fee setting and subsequent revisions should be based on cost-sharing principles covering variable cost and the ability and willingness to pay by the public at large, and (2) revisions of user fees have to be justified through a study conducted on the improvements in quality, availability of health services, and the ability and willingness to pay.

178) The HSDMA frameworks are mostly similar across Regions. They include provisions for regular revision, although the body authorizing the revisions varies among regions. In SNNPR the facility governing bodies are approving the revisions, in Oromiya and Amhara the mandate of approving revisions is reserved for the regional cabinets. In reality there is **discrepancy between policy and actual practice**. In the three regions visited by the team some health facilities had revised fees and some not. This has **implications with regard to equity** in access to health care services among areas.

179) **The exempted services and fee waiver systems** – The regional HSDMAs included lists of services exempted from fees. These are also similar across Regions and include family planning, delivery, pre- and post-natal care, TB, leprosy, EPI, VCT, ART, and PMTCT services and programmes. The review highlights that most of these services are being financed through third-party payers. But this is not the case **for deliveries and safe motherhood** and due to this, there is **reported divergence between policy and practice**. A recent study had shown that in reality 17% of health centres and 77% of hospitals charged mothers for normal deliveries. This is problematic in light of the government's intention to tackle the challenge of the persistently high maternal mortality rate.

180) With regard to the **fee waiver system** (FWS) the review identified a number of **critical challenges**. The policy intention was to establish a mechanism to protect the "poorest of the poor" against financial barriers created by user fees. Eligible beneficiaries should be screened and identified through community participation and once selected, given a certificate entitling them to free health care services. The woreda administrations should budget to cover the cost, entering in agreements with health facilities and reimbursing them for services rendered to the fee waiver beneficiaries.

181) The review discovered that while implementation of the FWS had started in most regions (not in Afar, Somali, and Gambella) the number of 'indigents' varied significantly (1.3 million in Amhara; 160,409 in Oromiya; and 13,919 in SNNPR). Amhara was said to be a 'pace-setter' that other Regions should emulate (JRM 2011/12). In the WIDE 3 Stage 2 research we found that there were indeed a significant number of waivers only in the Amhara village. But as highlighted in the DFID programme annual review, it would be very important to monitor how this would be funded.

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<sup>3</sup> At hospital level the Boards are headed by trained CEOs; at health centre level, by the heads.

182) In addition the review highlighted the following challenges: 1. **Lack of objective selection criteria** (e.g. lack of consideration of socioeconomic variations among kebeles in fixing the kebele quotas), undermining the equity of the system; 2. **Budget allocation**: significant variations and lack of objective basis to determine the FWS budget, with the exception of Amhara where a capitation system is established; 3. **Resource shortage**: There was a general consensus that the budgets allocated were inadequate to cover all deserving beneficiaries. 4. **Budget utilization**: Some weredas which had fully consumed their budgets failed to reimburse the health facilities. The conclusion of the review, resonating with the WIDE 3 Stage 2 research findings, is that:

*Unless a strategy is sought for mobilizing additional resources to fund the fee waiver system, access to care will remain a dream for most of the “poorest of the poor” in the country.*

183) **Community-Based Health Insurance** – The aim of the scheme is to provide access to a system of health care insurance for the population of the country engaged in the informal sector (89% of the total and even higher in rural areas), starting by a pilot. The pilot, launched in 13 weredas (329 kebeles) in SNNP, Oromia, Amhara and Tigray, had by the time of the review enrolled 37,766 paying households and collected 3.5 million birr (average coverage rate 32%). Members are supposed to pay 180 birr annually after an initial 5 birr for membership, with some variations across Regions. This is supposed to cover 3/4<sup>th</sup> of their health costs; for the moment the federal government subsidises the remaining 1/4<sup>th</sup> and provides additional targeted subsidies to cover contributions for the indigents.

184) In Tigray and SNNP the (non-paying) indigents that the schemes would have to cover from the resources of paying members had not yet been identified at the time of the review. In Amhara and Oromia a total of 17,297 indigents had been identified for a total of 24,404 paying members in these two Regions. These figures point to **one of the main** (if not the most important) **challenges** of the scheme, explained by the review team as follows:

*‘Because of their **small scale**, their **voluntary nature** and their **low premiums**, CBHI schemes face **severe limitations in terms of financial sustainability and managerial capacity**. In addition, the number of indigents whose premiums have to be covered by a third party is very high. The level of subsidy expected from the regional and local government is very large compared to the small budget and other competing priorities.’*

185) It is slightly puzzling that notwithstanding this observation, the review team strongly advocates for the scaling-up of the CBHI across the country and calls for increased government commitment at all levels. The review team suggests that to allow this to happen ‘*support from development partners and government at all levels is very important*’. The team does not, however, indicate how and within which timeframe a scaled-up CBHI system might become financially sustainable. In the prevailing environment of highly constrained public resources for multiple priorities it is hard to know how high this particular priority will get on the government agenda. However, it seems that a first step has been taken to start rolling out the scheme in 4 zones.

### ***The health extension programme rollout***

186) In a recent study the World Bank explains how the Health Extension Programme became the main vehicle for the government’s commitment of achieving universal coverage of primary health care<sup>4</sup>. According to the WB, since its rollout in 2004 the **HEP has led to significant changes in outcomes in terms of disease prevention, family health, hygiene, and environment sanitation**.

#### *Selected HEP outcomes*

**Family planning**: the uptake of contraceptives more than doubled among married women (from 10.9% in 2005 to 23.4% in 2011); the rate was higher among model families (44.3%)

<sup>4</sup> World Bank - *The Health Extension Program in Ethiopia*, Netsanet W. Workie and Gandham NV Ramana, Universal Health Coverage Studies Series No.10, January 2013

**Treatment of diarrhea:** Percentage of children with diarrhea taken to a health provider went up from 13% in 2000 to 22% in 2005 and 32% in 2011 (CSA)

**Use of treated nets:** from 1.3% to 42% over last five years.

187) While recognising that direct attribution is difficult, the study associates the HEP rollout to substantial progress in key broader health outcomes such as decreasing infant mortality, under-five mortality, under-five stunting, prevalence of anemia among women and fertility rate in the 2005-2011 period (see above, EDHS results).

188) The box below summarises the key theoretical features of the HEP (developed with extensive South-South cooperation and experience sharing with the Kerala State of India)<sup>5</sup>.

*Key theoretical features of the HEP*

**Focus:** increasing the coverage of health interventions known to have high impact (insecticide-treated nets, exclusive breast-feeding, hygiene, child immunisation, skilled deliveries); increasing access to essential health services; strengthening synergies with other sectors.

**Key design features:** HEWs are locally selected from among communities in which they return. They are supported by a community committee and the closest health centre and work with health volunteers. Recently, training was added on community-based care such as treatment of sick children and clean deliveries, and community-based nutrition. The weredas establish a supervisory team of which members are trained in skills needed for supportive supervision (specially designed curriculum). HEWs were initially expected to spend 75% of their time in outreach but this was recently revised to that they should spend 50% on outreach and 50% to ensure a permanent presence at the health post. In outreach they should prioritise families with pregnant women, mothers who recently delivered and infants, and persons with chronic health problems. They work with 'model families' that they train 60 hours on the 16 HEP packages. They should use multiple strategies to deliver services, especially awareness-raising (household level, community level at public meetings and using community social networks, associations, religious institutions etc., through schools and youth centres and at the health post). They should organise, follow-up, provide supportive supervision and evaluation of the 1-5 networks and development teams and conduct bi-weekly meetings to evaluate the performance of the development teams.

**Health post level care:** includes **integrated community case management** for childhood illnesses, vaccination, family planning services, ANC and post-natal care, identification of mothers' and children's malnutrition and nutrition counselling, monthly discussions with pregnant women, first-aid services, rapid diagnostic tests and treatment of malaria, counselling and testing for HIV, conduct community-based TB prevention and control services, treat trachoma, advise on prevention, treat scabies, refer patients to health facilities above HP level, organise demonstration at HP level, register daily activities, organise files, compile information, submit reports and display key information and trends at the HP.

**Taking up their assignment:** HEWs are supposed to conduct a **baseline survey of the village**, using a standardised tool, to map families and population by age group; prioritise health problems in the community to draw a plan of action to be submitted to the kebele Council for approval.

**Information management:** The GOE recently introduced the '**family folder**' in which HEWs are supposed to record, for each family, the status of its members (for family planning, ANC, immunization etc.) and the status of the household in general in relation to the 16 HEP packages.

**Governance:** The kebele health committee, HEWs and health volunteers meet regularly so as to give a weekly report to the kebele Cabinet. HEWs pass standardised reports to the kebele Council and the wereda health office. The wereda health office is responsible for supervision and for supplying the essential drugs and materials needed at the HP level.

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<sup>5</sup> Adapted from the WB study description of the HEP

189) The WB study commends the government for **three key factors** explaining the performance of the HEP: 1. **Strong direction and leadership by the government** - illustrated by entirely own-financed training and deployment of the HEWs, full integration of the HEP in the health system and in the decentralised structures of the country, and integration of the HEWs as a civil servant cadre; 2. Unique feature designs **combining supply-side and demand-side approaches** (through the work of HEWs through model families, the community-based governance of the programme etc.); 3. Country-relevant strategies to **remove supply-side constraints in a resource-constrained environment**.

190) The 'pending agenda' according to the WB is to:

- Focus on improving the quality of services – **HEWs need more practical training and skills in assisting delivery**. How best to use the HEWs in tackling the lagging maternal mortality MDG goal should remain an important area for policy discussion. It is also crucial to address the stockouts of essential commodities at HP level that the HEP evaluation revealed, as they negatively affect service utilisation and perceptions of quality of care.
- Enhancing HEW skills and performance – Especially in relation to health facility deliveries and on-time referral (knowledge of danger symptoms, danger signs, signs of complications).
- Sustaining HEWs – And in particular, bring to a closure the longstanding dialogue on **career development path for the HEWs**.

191) In 2010 the government commissioned a **major evaluation of the HEP**, based on a household survey (demands and perceptions of communities and effect of HEP) and several other surveys of various actors and institutions involved in the implementation of the HEP (assessment of health post performance, HEW performance and HEP management and supervision systems)<sup>6</sup>.

192) The evaluation does not dwell much on other potential contributing factors. It highlights a number of areas of **great progress**, in particular in relation to **awareness** (e.g. 70% awareness of water-borne diseases, 81.1% awareness of modern contraceptive methods by married women, 93.2% people having heard of mosquito nets, over 90% men and women having heard about HIV/AIDS). **Progress in indicators of behaviour change is lower and much variable**. It is significant and promising in some areas (e.g. increased contraceptive use rate from 17% in 2005 to 31% in 2010; treatment sought for 83% children with fever/ill). In some cases progress is considered to be quite slow, as for instance: the low rate of consistent utilization of latrines (36.2%) and even lower rate of hygienic utilisation (accompanied by hand-washing, only 13.3%); no substantial improvement in the proportions of clean and skilled deliveries (2.2% by HEWs and 6.8% by health professionals) and low proportions of men and women having 'acceptable attitudes' with regard to PLWHAs.

193) The box below presents other selected findings from the evaluation, resonating with the WIDE 3 Stage 2 findings. It is important to note that the findings date from fieldwork in 2010.

*Selected findings of the 2010 government HEP evaluation*

**Health Posts:** Two-thirds equipped with safe water, only a third with an all-weather road to nearest health centre or wereda health office, only a third with transportation, 10% with electricity<sup>7</sup>; Medical equipments and supplies for delivery care and newborn care in two-thirds, but only 20% with the minimum set of equipments for childcare; stockouts (in last 3 months) of malaria drugs (reported in 61% of the health posts), ORS (45%) and oral contraceptives and injections (more than a third); about half of the surveyed HEWs mentioned that drugs are always less than requested.

About **maternal health and delivery:** While more than three quarters of HPs provided ANC, FP and immunization, less than a third provided delivery services. But almost two thirds of HEWs helped women at home. One third had been trained on clean delivery and newborn care in the last year

<sup>6</sup> *Health Extension Program Evaluation: Rural Ethiopia, Part I, II, III and IV*. Center for National Health Development in Ethiopia, Columbia University, 2011

<sup>7</sup> In this respect the WIDE 3 Stage 2 villages were likely not representative as they were not in extremely remote areas. The same comment might hold for the sample of communities covered by the government evaluation.

(but it is not known whether they were among those providing the service). The evaluation strongly suggests focusing on maternal health issues in in-service training and supervision.

**HRM issues: HEWs were in majority dissatisfied with their salary (79%) and housing and transportation condition (61% and 86%).** About three quarters thought that the workload was too high and they needed more skills. The high workload made them focus on only a few packages (see below). Over half of the HEWs felt that their professional inputs were significantly under-utilized due to various constraints. In the 64 weredas of the survey the attrition rate was 6.5%. The priorities of the HEWs were: (i) upgrading/promotion of HEWs; (ii) solve stockouts; (iii) salary increments for HEWs; (iv) transportation and; (v) regular supportive supervision.

**Management and supervision:** Supervision was found to be weak (professionals with inadequate technical background, no supervision budget, lack of transportation, overload with other tasks). Most wereda health offices recognized that drug supply was not adequate (81%). Other constraints were lack of budget and transportation. There seemed to be some haziness about which structure was first responsible to provide administrative support to health posts and HEWs, between the kebele Cabinet and the wereda health office. HEWs were generally more positive with regard to their relationship with the community, kebele Cabinet and colleagues (said to be good in 93%, 84% and 77% of the cases respectively) than with the health centre. Only a third of the health centres effectively had supervision plans, 24% were able to perform all emergency delivery functions, and 38% provided feedback on referral cases to the HEWs due to lack of easy communication means.

**Community perceptions** seemed more positive than a few years ago. 85% of over 10,000 people interviewed felt that the overall HEP service was excellent or good and two-thirds that it had improved in the past two years. 61% felt that all/most of their health issues were addressed by the HEP. The main recommendation (by about half of the respondents) was about higher professional skills at HP level (HEWs with better skills or more highly skilled health workers).

194) The evaluation also shows a quite **consistent pattern of prioritized vs. underprioritized packages** – in early 2010.

*Prioritisation within the HEP implementation*

Time spent by HEWs	Focus of supervision	Community focus	Priorities for HEWs
<b>Most time</b>	<b>Most frequent focus</b>	<b>Most known services</b>	<b>First priorities</b>
Latrines	Latrines		Latrines (76%)
Family Planning		Family planning (62%)	Family planning (64%)
Vaccination	Vaccination services	Immunisation (41%)	Immunisation (78%)
Waste management	Waste management		
Malaria prevention and control			
	No. model families	Health education (38%)	
			Maternal and child health (72%) Personnel hygiene (70%)
<b>Least time</b>	<b>Least focus</b>		<b>Not 1<sup>st</sup> priorities</b>
Adolescent reproductive health	Adolescent reproductive health		Adolescent reproductive health
First aid	First aid		First aid
Control of insects			Control of insects
TB prevention and control			TB prevention and control
	Nutrition		Nutrition
	HIV AIDS prevention and control		

195) Since 2010 there seems to have been an increased focus on some of the underprioritised packages (e.g. TB prevention and control and nutrition – as part of the integrated Community Case Management approach, see below). However, this may not be the case for **adolescent reproductive**

**health.** A 2012 small-scale study on family planning and nutrition interventions in Ethiopia suggests that **generally youth targeting is weak in the HEP**<sup>8</sup>. The National Adolescent and Youth Reproductive Health Strategy (2006-15) does provide clear guidelines to address adolescent and youth RH needs but the HEP components of FP advice and service are designed to **target mothers with children**, not newly married couples and adolescent girls and boys. This resonates with findings of the WIDE3 Stage 2 research. The lack of outreach is especially striking with regard to rural youth and youth not attending school, thus excluding significant numbers of reproductive age girls.

196) To address current weaknesses the HEP evaluation mainly **recommends strengthening current approaches** (e.g. *'scaling-up the training of model-family households will be the best approach'* to increase awareness and actual testing through VCT – less than 10% of households surveyed had graduated as model family at the time of the survey, early 2010); while also emphasizing the **high potential** of the then new initiative of using the **Health Development Army (HDA)** in support of the health programme (e.g. in relation to changing behaviour related to skilled deliveries and promoting treated bednets). Yet at the same time the team highlights the necessity of imparting all actors with a common understanding of the role and tasks of the Health Development Army. A good number of recommendations also focus on **upgrading the skills and enhancing the motivation of HEWs**.

197) Since then the issues of **HEWs' workload and performance** and of the **potential and early results of the HDA approach** have regularly featured on the agenda of the government/donor dialogue. **The HEWs' workload has expanded incrementally since the onset of the HEP**. Notably, after a few years during which the focus was exclusively on preventive and promotive care (the 16 packages) the government launched the Integrated Community Case Management (iCCM) initiative in 2009/10. Under this approach 25,000 HEWs have been trained to be able to treat pneumonia, diarrhea, malaria and malnutrition at community level. This considerably expands the range of their responsibilities, in areas for which they depend on supplies that are not always available. It also makes more acute the issue of the overall workload of the HEWs.

198) **Both the government and donors are ambiguous vis-à-vis the HEW workload issue**. On the donor side, DFID for instance, on one hand stresses the risk of over-reliance on the HEWs in the absence of improved access to skilled health professionals and accompanying risk of low-quality care (DFID annual review 2012). Yet on the other hand, following discussions with the DFID team the FMOH has agreed to introduce community-based newborn sepsis case management through the HEP/HEWs – hence further expanding the range of tasks and responsibilities of the same HEWs.

199) On the government side, there are **talks of adding a third HEW** in each kebele to alleviate the workload, but this **competes with other demands on government funds** such as the idea promoted by MOLSA, of deploying a cadre of social workers at kebele level. Also, the FMOH has reportedly undertaken a post-2015 visioning exercise in which it considers revising the approach to basic health care and possibly adopting the Brazilian model. In this model the health centres and health posts would be upgraded and the health posts would be staffed by one HEW and one BSc nurse. However, this has not yet been confirmed<sup>9</sup>.

200) The government also insists on the **potential of the health development army** to support the HEWs, especially in the basic preventive and promotive tasks that they carry out, so that the HEWs can do more clinical work. The box below summarises the key features of the HDA approach.

*The health development army approach*<sup>10</sup>

<b>Objective:</b> Enable community members to take greater responsibility for their health, have better decision-making on health issues and improve and maintain their own health.
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<sup>8</sup> *Strengthening Family Planning with CBN Interventions in Ethiopia: A qualitative study*, Daniel Sellen et al, June 2012, WB.

<sup>9</sup> Personal communication, DFID senior health adviser

<sup>10</sup> Extracts from the MOH revised HEP guidelines (MOH Oct 2012) and the 2011/12 HSDP IV annual progress report

**Form:** An organized group whose members include the community, professionals at all levels and the political leadership. The **kebele administration and the HEWs are responsible to build and strengthen the HDA**. *“Two strategies were applied on HDA formation: one is women-centered 1-5 network development, called Women Development Group formation, and the other comprises of women and men 1-5 networks adopted from the experiences of the agricultural sector”*. The HEP guidelines also explain the role of the Development Teams and 1-5 networks.

The **Development Teams** should organize all families in 1-5 networks; collect, organize and interpret health data in the DT; prepare an implementation plan based on the Kebele work plan, ensure it is distributed among the 1-5 networks and follow-up its implementation; have meetings with 1-5 networks at least every two weeks; follow-up, support and evaluate implementation progress; and prepare and submit implementation report to the HEWs.

The **1-5 networks** should prepare implementation plan for the 1-5 network based on the DT plan, and assist each household in the network to prepare its plan, follow-up and support for its implementation; support households in implementing the HEP packages as appropriate to their circumstances; collect and organize health data on the network; have weekly meetings to review implementation progress at the household level and report on monthly basis; coordinate the 1-5 network to support the implementation of health initiatives planned by the HEWs and Kebele Council; and prepare and submit report to the DTs and HEWs.

201) Thus far, the government reports that 2 million HDA networks have been established (JRM 2011/12). In Tigray the HDA relies on 25,000 women development groups clustering 1-5 networks and supposed to prepare local plans to improve maternal health care through regular ANC follow-up and promotion of skilled birth deliveries. The JRM 2011/12 states that 25% of the groups had a plan. In the other Regions the HDA ‘piggybacks’ on existing community groups in the agricultural sector. In Tigray the approach is said to be associated with improvements in outcomes in the areas in which the groups are active (ANC, skilled deliveries). There are **some concerns** that while **working in Tigray the approach might be less suitable in other Regions** (DFID annual review).

### **Maternal and newborn health**

202) Two major new policy initiatives are efforts to **tackle maternal and neonatal mortality**, which have not improved in the last 5 years. With regard to maternal mortality the first measure taken was the **abolition of fees** for all pregnancy and delivery services. As noted above the policy is **not fully implemented**; recent field visits showed that while free services are available to the nearest health centre this is not the case when women (have to) go anywhere else.

203) The HSDP IV annual progress report for 2011/12 outlines **three most critical delays** that often result in maternal deaths, in (i) seeking appropriate medical care for an obstetric emergency; (ii) reaching an appropriate Emergency Obstetric and Neonatal Care (EmONC) facility; and (iii) receiving adequate care when the facility is reached. The report highlights the measures taken to address these delays. Addressing the first one relies heavily on the **mobilization of the HDA** at all levels in order to promote **behavioural change**. To help address the second delay due to **shortage of transport**, the FMOH is **procuring and distributing ambulances** (so far 372 out of 840 planned; further procurement underway). To ensure **better care at facility level several activities** are reported to be in progress such as training of human resources (including training of HEWs on ‘clean and safe delivery’), provision of adequate drugs, medical supplies and equipment, as well as equitable placement of adequate number of health professionals in health facilities.

204) The FMOH also insists on ‘**skilled delivery**’ (that is, at a health centre with skilled midwives) whenever possible, while still recognizing the value of ‘**safe and clean delivery**’ with the assistance of the HEWs. However, at the grassroots level there seems to be **a misunderstanding about what exactly the policy is**. Thus while the HSDP IV has targets for increased rates for both



modalities, in Tigray the HDA vigorously promote skilled delivery as the only fully acceptable option. Some donors also understand that skilled delivery is now ‘the’ policy<sup>11</sup>.

205) On the donor side there are **concerns that the HDA approach may not adequately address all demand-side barriers**. The EDHS 2011 shows that the majority of women do not believe that delivering at a health facility is necessary; it is considered to be a last resort in an emergency only. As the FMOH recognizes, cost and transport difficulties are part of the story. But other aspects are important too, including: the opportunity cost, facilities that are not considered to be women-friendly and where the woman’s kin cannot be around, absence of traditional food and coffee ceremony, and the women’s lack of choice as the policy is ‘imposed’ on them (DFID annual review 2012; this also resonates with findings from the WIDE3 Stage 2 research).

206) The EDHS 2011 shows that under-five mortality has significantly decreased but **neonatal mortality has not decreased** and contributes to about 40% of under-five mortality. Given that most deliveries still take place at home and changing this is likely to require time, it has been agreed that it was critical to **scale up essential newborn care at community and health post level**. Based on the success of the integrated Community Case Management approach, the FMOH agreed to introduce community-based newborn sepsis case management through the HEP/HEWs. This is also inspired by international experiences of large reductions in neonatal mortality through community-based packages with management of neonatal infections.

207) Once more, the key to successful implementation relies on an **expanded role for the HEWs and the HDA**. There needs to be a system to identify pregnancy and birth (which exists through the earlier emphasis on maternal health services and is expected to be strengthened with the enhanced mobilization of the HDA) and early postnatal home visits by trained community health workers (in the Ethiopian case, the HEWs) to provide counseling, newborn assessment and care.

208) With DFID support this is planned to be piloted first in 6 zones, chosen in consultation with the Regional Bureaus of Health for their strong HEP implementation, functioning HDA, functioning basic health care system with good reporting practices and strong iCCM implementation. The pilot would be assessed by mid-2014, following which the approach would be mainstreamed in the HEP package so that it could be rolled out nationally by 2015<sup>12</sup>.

### **Nutrition<sup>13</sup>**

209) The **National Nutrition Programme (NNP)** of 2008 came after a long-lasting policy gap. Until 2008 nutrition-focused activity was patchy, implemented as part of the emergency response to food insecurity by the Disaster Prevention and Preparedness Agency and from 2002 onwards the Ministry of Agriculture and Rural Development (now Ministry of Agriculture), the provision of micronutrients by the MOH, and other donor programmes that had more **experience with food crises than overall nutrition**. This started to change in the early 2000s when the Ministry of Health showed that malnutrition was found in areas of high food production, bringing home that malnutrition was a long term and complex issue going beyond food insecurity. The MOH became the main coordinator for nutrition policy implementation apart in food crises which continued to be addressed by the MOARD (now MOA). However the PSNP, developed in the same period as a response to chronic food insecurity and implemented from 2005 onwards, did not include a strong focus on nutrition issues.

210) From 2008 onward the NNP has been rolled out with strong support from several donors. In particular, **community-based nutrition (CBN) activities** have been **introduced within the Health**

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<sup>11</sup> Personal communication from UNICEF

<sup>12</sup> The information on the pilot approach to neonatal care is from a *Concept Note – Support scaling up newborn care in Ethiopia*, prepared by DFID/the Health, Population and Nutrition Donor Group in January 2013.

<sup>13</sup> In addition to the programming documents of the National Nutrition Programme this section draws principally on *From food crisis to nutrition: challenges and possibilities in Ethiopia’s nutrition sector - Analysing Nutrition Governance: Ethiopia Country Report*, L. Taylor, IDS for DFID, Feb 2012 (<http://www.ids.ac.uk/idsproject/analysing-nutrition-governance>).

**Extension Programme (HEP)** with a view to scale-up nutrition interventions, with a greater focus on community-based and high-impact interventions<sup>14</sup>. The box below summarises what CBN activities are supposed to take place at the community level.

*Summary of activities implemented under CBN*

Intended beneficiaries	Activities
Under 2 children	<ul style="list-style-type: none"> <li>Promote full immunization, optimal breastfeeding, and adequate complementary feeding</li> <li>Identify children who are severely underweight, not gaining weight for two months, or with other health problems and advise or refer to go to HP/health center for treatment or service</li> <li>Monthly growth monitoring and promotion (GMP) sessions to find out if weight gain is sufficient; if not, take action to improve feeding and caring practices</li> <li>Provide vitamin A once every six months</li> </ul>
Under 5 children	<ul style="list-style-type: none"> <li>Quarterly community health day (CHD): Every three months, all children will be screened for mid-upper arm circumference (MUAC) edema</li> <li>Refer malnourished children (moderate and severe acute malnutrition [SAM]–identified on MUAC) to therapeutic feeding (TF) or targeted supplementary food (TSF)</li> <li>Vitamin A supplementation every six months</li> <li>Deworming</li> </ul>
Pregnant and lactating women	<ul style="list-style-type: none"> <li>Mobilize for antenatal care (ANC), safe delivery, postnatal care (PNC), exclusive breastfeeding, and FP services</li> <li>During CHD: Screening (for weight gain and refer for TSF if weight gain is not adequate)</li> <li>Provide iron folate supplements for all pregnant women; follow up</li> </ul>
All households	<p>Individual and family counseling on improved caring practices during household visits:</p> <ul style="list-style-type: none"> <li>Promote iodized salt when available</li> <li>Monitor use of Insecticide-Treated Nets (ITN)</li> <li>Treatment of water at household level before use</li> <li>Proper hand washing practices</li> <li>Mobilize to improve household sanitation</li> </ul>
Community	<p>Community Conversations (CC) to assess malnutrition among children, analyze causes and make plan for action and follow-up: Monthly at the <i>got</i> (50 household) level; Quarterly at the kebele level.</p>

211) These activities are supposed to be supported by others planned under the NNP, including the design and rollout of Information Education Communication and Behavior Change Communication materials to be supplied to all health posts; the design, production and supply of storage facilities for ready-to-use therapeutic food; the provision of **bicycles for HEWs** and motor cycles for health centre staff; the integration of the CBN implementation guidelines in the integrated refresher training programme of HEWs.

212) According to donors the **focus on nutrition is growing among both government bodies and donors** (albeit nutrition is **hardly mentioned at all in the GTP annual progress report**). There is also a growing recognition of the **need for a multisectoral focus** – so for instance, the latest joint review mission outcomes were discussed during a joint debriefing meeting with the State Minister of Health and the State Minister for Agriculture in the Ministry of Agriculture. However, putting ‘*a clearer focus on the underlying causes of nutrition*’ (Sellen et al 2012) is far more complex (and politically less attractive) than focusing principally on emergency nutrition.

<sup>14</sup> The NNP includes other priorities such as a national food fortification agenda (and notably, the goal of achieving Universal Salt Iodisation), the integration of nutrition in university programmes, and surveys and operational research studies to inform policymaking. We do not focus on these here.

213) The NNP (and the CBN as part of this) is regularly jointly reviewed by the government and its partners. Successive reviews suggest indeed that **scaling-up has not proven easy**. Thus far the CBN has been rolled out in 328 'CBN weredas' with implementation support from UNICEF in 185 weredas (on various donors' funding) and from the WB in 143 weredas (on its own funds)<sup>15</sup>. Nutrition-focused activities will also be included in the USAID programmes supporting the AGP, though this is not likely to include all of the CBN activities.

214) The NNP joint review mission of Feb 2013 highlighted a number of **major challenges** to further scale-up, including, at operational level, **low coverage** in existing CBN weredas (for instance, under-2 growth monitoring and promotion participation rates below 50% in Amhara, Oromia and Tigray); **delayed initiation of nutrition training** for wereda level health workers; **low reporting** level by HEWs; and reported **stockouts** of food supplements. Donors also expressed concern about a **possible 'dilution' of the nutrition agenda** linked to the transfer of CBN responsibilities from dedicated Voluntary Community Health Workers to the **health development army**<sup>16</sup>, the shift from CBN-specific training to mainstreaming in the HEW refresher training, and the shift of the CBN-related supervision responsibility from weredas Health Workers to untrained health centre staff.

215) The **initial findings of an impact evaluation** financed by the WB and UNICEF (presented in September 2012) make a **strong case for the continuation of the CBN activities**<sup>17</sup>. The study shows a 'statistically plausible initial impact' of 4 to 6% p.a. improvement in stunting of 0-3 years-old in the CBN areas, with the likelihood of sustaining a 2% p.a. reduction rate, going forward; and significant improvement in infant and young child feeding practices and maternal nutrition<sup>18</sup>. The evaluation also concludes that coverage needs to increase in the participating areas; and that training and monitoring will be crucial as the health development army is replacing the dedicated VCHWs.

216) At policy level, the **NNP is being revised** by the government. The draft revised programme is not yet available but the revisions seek to stress the **emphasis on multisectoral collaboration**, the use of a **lifestyle approach to nutrition** (what UNICEF describes as a shift from a 'food bias' to an overall 'good care' focus) and a greater focus on reducing stunting. The NNP would also be extended from 2013 to 2015 so that the planning and programming period coincides with that of the GTP.

217) **Policy coordination around nutrition is a major challenge**. As put by Taylor (2012) there is a need to **overcome the 'siloeing' of donor interventions**. Yet, interministerial structures arising from the NNP and supposedly in charge of assuring multisectoral links around nutrition (e.g. the National Nutrition Coordination Body) show little activity – which Taylor puts down to a lack of incentives to coordinate at the higher government levels. At **wereda level no structure** has a specific nutrition mandate. And there is **no 'nutrition' line in the government health budget** at any level. In the meanwhile donor-supported initiatives trying to link nutrition to food security/agriculture (e.g. Concern Worldwide, USAID), safe water (UNICEF) or health education (e.g. WFP) appear to themselves be weakly coordinated. And the intended extension of the nutrition agenda to the pastoralist areas raises the need to link up with the major programmes focusing on these.

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<sup>15</sup> The data is confusing. The NNP aide-mémoire for the Feb 2013 JRIS mission mentions 238 CBN; data from UNICEF indicate a total of 328 weredas. Donors contributing finances are WB, UNICEF, CIDA, Dutch, JICA, Spanish and USAID.

<sup>16</sup> In her 'political economy analysis', Taylor (2012) explains that a number of people saw problems with the transfer of grassroots nutrition work to volunteers with a strong party affiliation who report to the local kebele committee (a political body) rather than the HEWs and the MoH's reporting structure. In their views there is a risk that this could lead to mixing up of political and nutrition messages and of nutrition BCC and party recruitment. UNICEF is campaigning for the health development army to report to both the HEWs and the kebele structures. In the Tigray site of the WIDE3 Stage 2 research this was indeed what was done.

<sup>17</sup> See *Assessing the impact on child nutrition of the Ethiopian CBN program*, Tulane University School of Public Health and Tropical Medicine, with UNICEF and WB teams, presentation 5 September 2012.

<sup>18</sup> The evaluation is based on results found for nutrition indicators in the successive 'tranches' of CBN weredas. Nationwide stunting rates fell from 57% in 2000 to a still high 44% in 2010.

218) As a response to the **coordination challenge** Taylor (2012) advocates the elevation of nutrition as an issue meriting coordination by the Prime Minister's Office and/or MOFED. This would also facilitate the development of inter-sectoral linkages at wereda level. A second potential avenue is the potential for nutrition to be integrated in the PSNP. The PSNP actors seem sympathetic to the idea of greater links between nutrition and PSNP but integration raises the danger of the "Christmas Tree" effect – when too many policy objectives hang on one single intervention. In addition this raises the risk of a return to a focus on nutrition as a food (in-)security issue primarily.

219) At the same time expectations also rise with regard to what can be 'hung onto' the CBN tree. A qualitative small-scale study (four kebeles) found that CBN activities enhanced the provision and uptake of family planning (Sellen et al 2012). They explain this in two ways. First, CBN activities facilitated a shift from a focus on limiting family size as a goal for couples, to a focus on keeping children born alive, well-nourished, growing, and healthy as a goal for families and the wider community. In their view this fits better with prevailing cultural models and is more powerful to achieve social mobilization and individual motivation. Second, CBN activities provided a platform for frequent and varied contact between intended beneficiaries and health extension staff promoting and providing FP. In turn, these influence motivation, access, mobilization, and support of providers or beneficiaries. They recommend further exploring and perhaps systematising these links.

### **Water Sanitation and Hygiene<sup>19</sup>**

220) Ethiopia is often called the 'water tower of Africa'. Paradoxically, '**water security**' has been **elusive** for many of its inhabitants for a very long time. This reflects both **structural problems** (very high spatial and temporal variability, drought and floods likely to become increasingly frequent with climate change, mismatch between water availability and population settlement) and a **historical trend of underinvestment** in water development, only recently reversed.

221) The **GTP recognises** the diverse uses of water. It stresses the **need for integrated and sustainable development and use of water resources** for multiple purposes by linking the different sectors and actors while ensuring equitable use at basin level. It plans for both increased access to water and water's increased contribution to food security and growth. In this section the focus is on safe water supply and sanitation<sup>20</sup>.

222) According to the government, the effects of the increased attention given recently to water development have been very visible on the ground, with a **much increased safe water coverage rate**. The GTP annual progress report for 2011/12 indicates that safe water coverage has reached 80% nationally and 78% in rural areas, from 19% in 1990 (11% in rural areas). **Progress in sanitation is less impressive but still striking**, with 60% of the rural households having a pit latrine (WMS 2010), from a basis close to zero in 1990. Based on this data and assuming that upward trends continue at the same pace, both the MDG and the more ambitious targets of the government Universal Access Plan (of reaching near-universal access to safe water and sanitation by 2015) could be met.

223) However, the **government data are regularly challenged** by other sources: for instance, significantly lower figures are reported by the international Joint Monitoring Programme (see below) and as shown in the previous section, surveys show significantly lower consistent and hygienic use of latrine. **Going beyond the data debate** and without denying the significant progress made thus far, the **challenges ahead are not small**. First, implementing and financing the policy has not been without its difficulties – which will need to be resolved to sustain the pace. Second, coverage now

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<sup>19</sup> Much of this section draws on several chapters of '*Achieving Water Security: Lessons from research in water supply, sanitation and hygiene in Ethiopia*', Edited by Roger Calow, Eva Ludi and Josephine Tucker, Practical Action Publishing 2013

<sup>20</sup> The GTP includes a section on (safe) water provision, a separate section on agricultural water (focusing on the appropriate use of rainwater and expansion of irrigation) and another on water in pastoralist areas (highlighting the need for water development for both livestock and humans, in conjuncture with pasture improvement and the development of irrigation schemes). Hydropower development is also a key objective of the GTP.

needs to increase in **'hard to reach' areas** in which the costs of service provision will be higher. Third (and according to some observers this is the biggest threat to achieving the UAP goal), sector performance is plagued by **very high rates of non-functionality of the existing schemes**.

224) In the sections below we discuss these issues and highlight a few key policy developments showing how the government intends to address some of them.

### ***Implementing and financing the policy***

225) The policy and strategic framework is defined by the Water Sector Resources Management Policy of 1999 and the 2001 Water Sector Strategy – which some believe might need to be revised to reflect increased attention to climate change (e.g. importance of watershed management and water/moisture conservation) and recent thinking on water management linking human needs and ecosystem services. The driving force in the sector is the **Universal Action Plan** aimed to achieve near-universal access to safe water and sanitation by 2015. The UAP was first developed in 2005. It has been revised to align its programming period with the GTP. Targets have also been slightly revised downward, to achieve 98.5% coverage in 2015 (instead of 100% in 2012 as initially planned).

226) At the same time the move towards a **sector-wide approach** has continued. The government has developed a **WIF (WASH Investment Framework)** which envisages a fully harmonised and aligned approach with one plan, programme, budget, monitoring and evaluation system and Consolidated WASH Account. Donors made some progress toward this. The four largest (WB, DFID, AfDB and UNICEF) have harmonised under a single financing modality. Other donors still fund discrete projects but most partners have agreed on a common approach to monitoring based on a **National WASH Inventory** (see below). A more joined-up approach to financing is also emerging. But the **road ahead before reaching full alignment and harmonisation is likely to be long**.

227) Other challenges are related to the **capacity** of various **national actors, public and private**. First, most institutional development efforts aimed at multisectoral mobilisation and coordination thus far have focused on the national and regional levels (e.g. signing of the WASH MOU between Ministries of water, education and health), and less on the wereda and local levels where this is most needed.

228) With regard to technical capacity TVET centres were opened to train water technicians in 2004, following the wereda-level decentralisation pushing down the responsibility for water supply. However, training is mainly classroom-based. Moreover, raising the **wereda performance** in safe water supply faces the **same crosscutting challenges** as in all other sectors (low salaries, low motivation and high turnover rate, highly constrained budget and insufficient capacity to **coordinate** external actors). In addition, in contrast with health, education and agriculture there are **no government employees focusing on safe water at the community level**.

229) Current policy emphasises the **role of the private sector** in the supply chains and the operation and/or maintenance of schemes. However, small-scale private operators most likely to be found in rural areas have difficulties in accessing capital and at the same time distances, limited infrastructure and generally low purchasing power of rural inhabitants limit their profitability prospects.

230) In terms of **financing**, for **sanitation**, in contrast with the policy for urban areas it is expected that **rural households will meet the costs** of the hardware required. As seen above the HEP is the main vehicle to deploy the necessary promotional work for this. The questions of whether this is sufficient and if it will be **feasible to extend this 'zero-subsidy' policy to all** 'hard to reach' areas and households do not seem to be raised in the government-donor dialogue. Sustainability of the existing coverage is also a major issue both because latrines do not last and because behaviour change lags behind the physical achievements.

231) For **safe water provision** in rural areas the WIF is based on (fully or partly) subsidised infrastructure development and **full cost recovery for operations and maintenance (O&M)**. Yet, **significant challenges to the sustainability of this approach** have emerged. The **level of non-functionality of water points** is said to be alarmingly high (to the point that some sector actors have

called this a 'sustainability crisis'). The government reported that the proportion of non-functional schemes decreased from 20% in 2010 to 16.5% in the GTP APR for 2011/12. However, small-scale studies have revealed that local non-functionality rates can reach 40% or even 60%; and initial data from the National WASH Inventory suggests a much higher non-functionality rate nationwide (35%).

232) Even though the **data is contested**, the **sustainability challenge is now more recognised**. There is a consensus that this is due to low O&M capacity of the local WASH committees (supposed to be in place at scheme and sometimes multivillage level), their low ability to collect sufficient revenue from user fees and inadequate management arrangements, inadequate support by government and in particular, the wereda, and limitations in the quality of inventory data which in turn, hinders planning for both development and maintenance. With regard to the WASHCOs, the intention is that they should become legal entities that could then open bank accounts and be much more professionally managed. However, progress in developing the legislation required has been slow.

233) The next section turns to how a number of recent or ongoing policy developments may be addressing some of the challenges raised here.

### ***New policy developments***

234) First, new thinking has emerged which takes **decentralisation of WASH services a step further** by devolving the responsibility for scheme development, construction and management to **local WASH committees**, including management of capital funds and procurement. The Community Development Fund (CDF) approach has been successfully piloted in Amhara and Benishanngul-Gumuz and is intended to be mainstreamed where communities have the necessary capacities. The WIF therefore foresees four modalities for financing and managing community and institutional WASH projects, outlined in the box below.

#### ***WASH project management and financing modalities***

**Community-managed projects (CMP)** - Local WASHCOs take responsibility, getting part of the funds (for capital investment) through Community Development Funds. Donor-financed expert teams work with the wereda water office to build communities' demand and capacity.

**Wereda-managed projects** - Local WASHCOs are involved but the wereda WASH team is the project manager. Funding is from the wereda block grant or, more likely, one of the WASH donor-financed programmes. Larger-scale schemes (e.g. involving borehole drilling) are to be carried out by regional governments (economies of scale).

**NGO-managed projects** vary considerably in approach and scale. Typically NGOs either administer external resources on behalf of the community like in the wereda-managed projects, or sometimes make the resources available to the community like in the CMPs.

**Self-supply initiatives** – which the revised UAP endorses and even encourages, see below - are off-budget but will be recorded in the National WASH Inventory, incorporated in kebele and wereda plans and reports, and supported with training and technical assistance.

235) Secondly, there is an **emerging focus on maintenance, rehabilitation and repairs** of water points, balancing the historical exclusive focus on expansion. The **issue of the financing required at wereda level** was hotly debated during the WASH session of the last PBS Joint Review and Implementation Support (JRIS) mission, and regional representatives were adamant that a solution to the sustainability crisis would not be found without resolving this issue.

236) Third and a related point, the revised UAP recognises better the importance of the '**software interventions**' required to address both expansion and sustainability issues, and the need to allocate resources to these. Achieving the UAP targets will require a much greater focus on **developing minimum water management capacity at wereda and local levels**. The revised UAP has allocated significant resources to build the capacity of water staff at all levels (\$37 million over 5 years). Well used, this could make a significant difference.

237) Fourthly, the UAP endorses a shift towards **lower-cost technologies** and alternatives to the so far dominant approach of handed-over single-usage communal schemes. This approach was adopted in Ethiopia as part of an international shift to a model of community management for water service delivery in the 1980s. However, over time a number of significant challenges have emerged – all resonating with the situation in Ethiopia. These include *‘a widespread lack of technical and managerial capacity at community level, the dependency on voluntarism for scheme management and a frequent lack of post-construction support’* by either local government or the private sector (Calow et al 2013). The model is also not well adapted to communities that often have grown in size, especially larger rural settlements and rural towns where piped networks are becoming the norm.

238) Two alternatives currently considered are the **‘self-supply’** initiatives and the development of **Multi-Use Schemes (MUS)**. They both fit with the GTP emphasis on a multisectoral integrated approach to water development and usage, and with actual water usage practices in many communities. The box below summarises their key features.

*Self-supply and multiple-use schemes (adapted from Calow et al 2013)*

The **Multiple-Use Schemes (MUS) approach** starts from the premise that water is needed and used for many different purposes beyond domestic use (e.g. livestock production, irrigation/market gardening, other small-scale economic activities). Under MUS, services are designed to meet these multiple demands. This may start by ‘upgrading’ an existing scheme so that it can serve purposes other than the initially planned one. For instance, drip irrigation systems can be added to a domestic water supply scheme. Or the other way round a pipe or washing basin can be added to an irrigation system. This may bring high incremental benefits for relatively small incremental costs.

Interest in MUS is on the rise and it is recognised as a useful service delivery option in national policy. Schemes need to be carefully designed and their management is more complex. Water availability also needs to be carefully assessed. However, in areas where the water potential is far from being fully tapped this approach has the potential of being more sustainable. **Communities are expected to be more motivated to maintain systems that address a range of water needs**, and income from productive water uses should improve people’s ability to pay for upkeep and repairs.

In **self-supply**, the initiative and investment to build and improve individual water sources come from individual households. Sometimes it can also be a small group of neighbours. The past ten years have seen a growth in family wells and a slow growth in adoption of mechanised and rope pumps. The government is now encouraging this, and putting in place the necessary regulatory arrangements. One of the main concerns is to ensure that the water is of an adequate standard.

In areas where this modality has spontaneously emerged (like in parts of SNNPR) it has been found that traditional well ownership is not confined to the wealthiest, and family wells are usually not exclusive (well owners are willing to give access to their neighbours without charge). Better-supported self-supply could, therefore, have a positive effect on equity of water access. It has also been showed that awareness-raising and technical advice to well owners could go a long way in addressing the issue of water quality. Self-supply would also **lead to greater sustainability as individual households would have a greater incentive in maintaining their water source.**

239) The self-supply, multi-use scheme and community-managed project modalities are all three based on a set of incentives expected to lead to better functionality rates – provided that the ‘supply side’ does not lag behind (capacity of weredas and of the private sector)<sup>21</sup>.

240) Calow et al (2013) conclude in highlighting that *‘it is unlikely that any single management or delivery model would be cost-effective and appropriate for all people in any given area’*. Instead, *‘an overlapping patchwork of different models is likely to be most appropriate... In developing sets of water supply approaches in a given area, careful consideration should be given to their suitability for different purposes, equitable inclusion of all households, and the prospect for sustainability’*, taking

<sup>21</sup> With regard to the CMPs, functionality rate as high as 94% were recorded in the localities where the Community-Managed Project modality was piloted in Amhara and Benishangul-Gumuz.

account of the effects of expanding one modality on the others (e.g. the sustainability of communal sources could be at risk if an increasing number of households opt-out and adopt self-supply).

### **Data issues**

241) Many actors in the sector point at **significant issues related to quality, management, access to and use of data**. They stress that the sector critically needs a reliable management information system (MIS) and a monitoring system with unambiguous responsibilities for data management. The current huge discrepancy between data from different sources may not fully disappear, as explained in the box below. But it is partly explained by data issues that must be resolved so that (i) donors willing to more fully align their programme and funding can trust the data and (ii) the regional, wereda and local planners and managers have a basis for more efficiently addressing unmet needs.

#### Data discrepancies – An extreme example

The Joint Monitoring Programme is an international effort to monitor safe water availability with a view to assessing progress towards the MDGs. Initiated in 2000 by WHO and UNICEF it relies on national survey data. The international JMP data on Ethiopia have been increasingly diverging from the national data on safe water coverage, especially for rural areas. The JMP data for 2010 shows a coverage rate of 34% whereas the Ministry of Water and Energy data for 2010/11 was 65.8%. Since then the MoWE has reported a further increase to 78% in the GTP APR for 2011/12<sup>22</sup>.

The reasons for these differences have been investigated and documented (Calow et al 2013). They include:

- Different definitions of access and standards (the JMP standard of 20 liter/person/day is more demanding than MOWE's standard of 15 liter/person/day from a source found in a 1.5 km radius– both approaches lack measurements of actual volumes consumed).
- The JMP only counts functional water points, which is not the case for the MOWE data.
- The JMP uses survey data to determine where households go to get access to water – this has its own problem as national survey samples are not representative at disaggregated levels. The MOWE coverage rate is calculated based on the theoretical capacity of schemes in terms of numbers of users and not on actual numbers of users.
- The JMP initiative has faced bureaucratic delays in accessing data and has therefore not been updated with the HICES and WMS 2010/11 data. This is biasing the comparison even more.

It has been impossible to establish a consensus among concerned parties about which set of data is more likely to represent the reality.

242) While the **government** rejects the internationally reported JMP data, it is well **aware of the necessity of improving performance data and monitoring** to achieve the UAP goals. As an element of the shift towards the WASH sector-wide approach a **WASH monitoring and evaluation framework** has been developed, which foresaw the development and implementation of a National WASH **MIS** starting by a National WASH **Inventory**. It is intended that in the course of time the data would be made available in a suitably disaggregated manner at the wereda level and that weredas would be responsible for using and regularly updating the data.

243) The **first inventory** started in 2010. It was a **massive exercise** (\$12 million, more than 65,000 enumerators) involving the Central Statistics Authority and collecting both users' and providers' data. At the time of writing the **results are not yet available** in full, and it is uncertain when they might be. While the NWI undeniably represents a significant step forward in addressing the data issues raised above, a number of actors in the sector raise the following issues for consideration:

- The NWI was designed as a national undertaking with limited consultation of lower levels. This led to overlooking data that local planners and managers will need. It also limited the

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<sup>22</sup> This has been challenged by donors during the last PBS JRIS mission.



possibility of building ownership of the data. This is especially problematic at wereda level as weredas are expected to use and regularly update the data.

- The current delay in finalising data entry and analysis illustrates that as often, the resources required for this were underestimated. Similarly, the (financial and capacity) resources required for regular updating of the data do not seem to have been accurately assessed.
- The weredas have very different levels of capacity. Those which have enjoyed significant support from one of the main WASH programmes are in a much better position. For the others, it will be extremely challenging to actually be able to use the NWI data, let alone regularly updating it.
- Finally and as noted above, the data issues are important, but even more important is the need to find ways of sustainably financing and managing the much expanded water infrastructure that has been and will continue to be developed.

244) The issue of the **allegedly poor reliability of the government data on sector performance** extends **beyond the WASH sector**. As highlighted in the aide-memoire of the most recent PBS Joint Review and Implementation Support (JRIS) mission, in addition to hindering planning inflated data undermines transparency and government accountability for service delivery. This is all the more paradoxical in light of the substantial efforts that the government is deploying in relation to financial transparency and accountability. The WASH sector is a case in point as the PBS discussions suggest that data issues are most acute in the WASH and agriculture sectors.

## Education

245) There has been **no major policy development** in the education sector in the past two years, but a number of **policy adjustments** in the context of the government **General Education Quality Improvement Programme (GEQIP)**. These are presented below as well as the contours of the GEQIP 2 under preparation. The government has also strongly stressed **functional adult literacy, early childhood care and education, and inclusive education**. These topics are briefly reviewed here.

246) In a context of very large and growing disconnect between the number of paid jobs in the economy and the number of job seekers entering the labour market every year<sup>23</sup>, many voices stress that more significant policy developments are required for the education sector to fulfil its role that is, educating and/or training the workforce allowing and demanded by the economic transformation that the GTP plans for. Notably, questions arise about the **role and shape of secondary education**. This was the subject of an in-depth study by the World Bank (*'as a contribution to the GOE's longer-term education strategy development'*)<sup>24</sup>. The main points made by this study are summarised below. This section also takes stock of the **implementation of the TVET reform**, undertaken in earnest in 2008 with the approval of the TVET Strategy. The section starts by an overview of the performance of the sector.

### Overview of sector performance

247) It is important to visualize recent trends in the context of longer term, historical ones. The graph below shows well (i) how massive the push towards universal primary education has been over four decades and (ii) how comparatively small the enrolment has remained in secondary education – albeit as shown in the next graph, it has expanded too<sup>25</sup>. In primary education the NER rose from just 25% to reportedly 85% in 15 years.

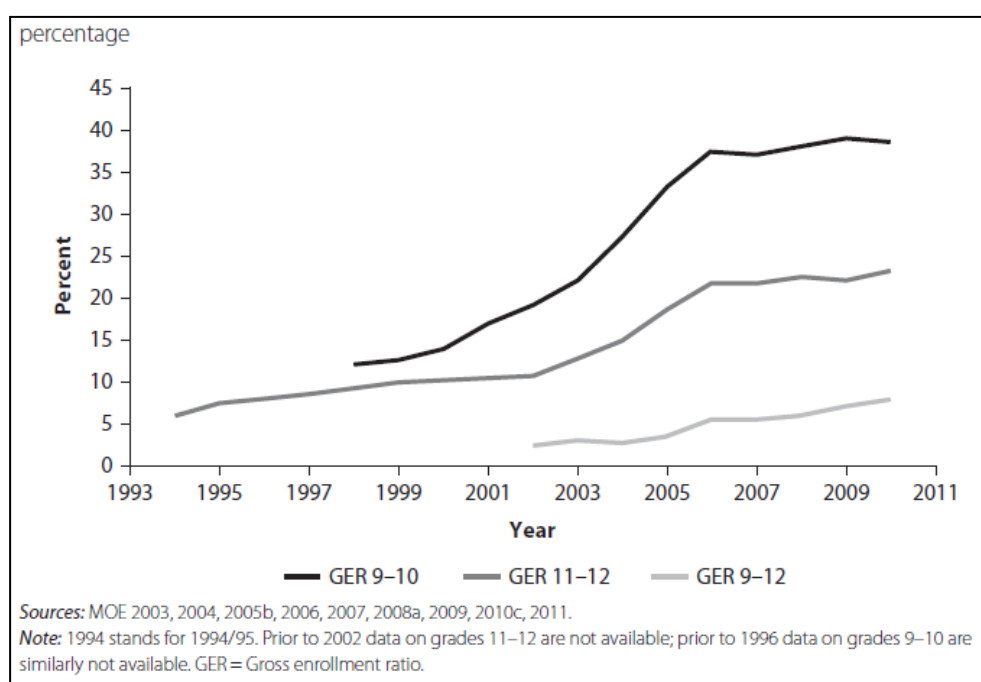
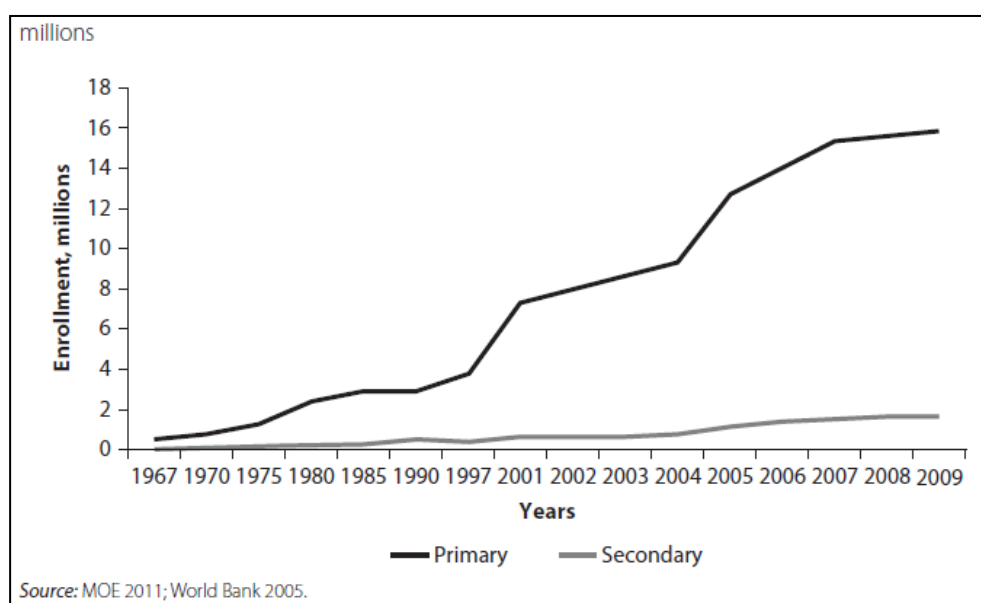
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<sup>23</sup> In its latest Country Partnership Strategy the World Bank mentions that between 2 and 2.5 million young people enter the labour market every year, compared to 2.5 million people in paid employment in 2011 (1.5 in formal sector).

<sup>24</sup> *Secondary education in Ethiopia: Supporting growth and transformation*, R.D. Joshi and A. Verspoor, WB 2012

<sup>25</sup> Graphs from the WB secondary education study.

### Long term trends in primary and secondary enrolment



248) The more recent trends<sup>26</sup> show continuous progress with increasing enrolment (see table below), although in the second cycle of primary education this falls short of what it should be to reach the GTP targets. In the same way, progress in general education (Gr9-10) would need to accelerate very substantially to reach the GTP target – and it is noteworthy that the GER has decreased from 38.4% in 2010/11 (not shown) to 36.9% in 2011/12. The gap between actual achievements and targets is smaller for preparatory (Gr11-12) but this is due to a low target.

<sup>26</sup> Data from the 2011/12 Education Statistical Abstract of the MOE, December 2012, and the WB study.

*Recent trends in primary and secondary education enrolment*

NER Gr1-4			NER Gr5-8			GER Gr9-10			GER Gr11-12		
2008/9	2011/2	2014/5 target	2008/9	2011/2	2014/5 target	2008/9	2011/2	2014/5 target	2008/9	2011/2	2014/5 target
88.7%	92.2%	95%	46%	48.1%	80%	38.1%	36.9%	62%	6%	8.8%	9.5%

249) Completion rates in primary education slowly rise but in 2011/12 only just a little more than half of the students enrolled completed Grade 8. The good news is that the gender gap is small (52.4% of the boys and 51.9% of the girls complete Gr8). But there are very large discrepancies between Regions; between urban and rural areas; and between income level groups. Gender parity has considerably progressed in primary education, including in the second cycle, but remains low higher up in the system. There is also a substantial gender gap in terms of Gr10 exam pass rates.

250) Generally the data illustrate that (i) one of the major challenges, going forward, will be to further expand primary education to the **hard-to-reach areas** and; (ii) continued efforts are required to ensure that more students complete the primary school cycle – which all actors in the sector link to the need to continue efforts to **increase primary education quality**.

251) At TVET and higher education levels trends are below targets as well. The number of under-graduates reached 246,653 in 2010/11 against a target of 310,120 for that year. Female participation at undergraduate level plateaued between 29 and 26% since 2009/10 while the target is to reach 40% by 2014/15. The gap between targets and achievements is more significant in TVET. It had been planned to reach a total intake of 881,494 in 2011/12, while the actual intake was only 335,058 or 38% of the target. This is clearly an issue in light of the GTP goal of economic transformation.

***Increasing quality and equity in primary education<sup>27</sup>***

252) The **General Education Quality Improvement Programme (GEQIP)** was launched in 2008 as a package of initiatives targeting the quality improvement elements of the Education Sector Development Programme IV (ESDP IV) and designed to address well-known issues hampering school effectiveness. It focused on: curriculum, its assessment and the provision of teaching aids (textbooks and teachers' guides); teacher supply, training and professional development (through the 'Teacher Development Programme'); school leadership, organization and culture (through the 'School Improvement Programme'); school governance and support systems (through school grants, partnership with parents and the community); and accountability mechanisms (e.g. use of EMIS).

253) The box below summarises key achievements and lessons learned at the end of GEQIP 1.

***GEQIP 1 - Achievements and lessons learned***

Achievements	Lessons to learned
The implementation of a <b>new school curriculum</b> supported by the provision of <b>teaching and learning materials</b> , the <b>alignment of student assessment and examinations</b> with the new curriculum and a <b>reform of the inspection system</b> – E.g. more than 88 million textbooks distributed in primary and secondary schools in all subjects; a strategy for capacity building of local publishers prepared; a National Framework for school inspection prepared and plans for establishing and training inspectors at all levels.	To better take account of needs of higher education and TVET, <b>curriculum</b> may need <b>greater focus on entrepreneurial education and life-skills</b> . To be further studied to adjust at the end of the curriculum cycle (2015/6) (this links up with the WB study concerns). Centralised textbook procurement did not work well. <b>Textbook procurement to be decentralised to the Regions</b> (which is a return to the pre-GEQIP system).
An increase in the supply of <b>effective teacher educators, teachers and facilitators</b> in primary, ABE	<b>Consolidation</b> phase to be sustained. Under GEQIP 2 it is planned to support the further

<sup>27</sup> This section draws primarily on the *GEQIP Phase 2 Project Document* of the Ministry of Education, December 2012

Achievements	Lessons to learned
and secondary education through new training programs for teacher educators and in-service and pre-service teacher development programs – E.g. ongoing upgrading of all certificate teachers to 3-year diploma level; expanded portfolio of Continuous Professional Development programmes, including the introduction of school-based mentoring modalities; development and first step in implementing a system of licensing and relicensing teachers.	introduction of an additional one-year post-graduate pedagogical training for secondary school teachers. The new Directorate for <b>Teacher Licensing and Relicensing</b> needs to establish the required <b>professional standards</b> on a strong footing and develop a system to implement them.
<b>School grants</b> to improve basic operational resources available to the school and the capacity of schools, with the participation of the community, to prioritise needs and develop and school improvement plan – E.g. 31,000 schools and ABE centres regularly plan for, receive, administer and report on the use of school grants to support implementation of a School Improvement Plan. The total disbursed to schools reached 66 million US\$ over the GEQIP 1 period.	Need to refocus school plans in order to pay sufficient <b>attention to ‘software’ quality measures and disadvantaged students</b> . Consideration should be given to enhanced grants for disadvantaged schools and to a performance-based element. Attention needs to be paid to reduce/eliminate delays in grants reaching schools, and enhancing monitoring by weredas.
<b>Capacity development</b> for planning and managing service delivery at all levels, with the support of education management information system – E.g. development of School Report Cards to complement the EMIS, ready to be rolled out; 4,400 school directors trained in leadership	<b>Consolidation</b> is required on all fronts.

254) GEQIP 2 continues and further develops the components and sub-components of GEQIP 1 with an **additional component focusing on the use of ICT** to improve the quality of education (as had already been required by MOE at the onset of GEQIP 1). This comes after a candid assessment by MOE of the shortcomings, not of plasma education per se but of the way it had been implemented.

*ESDP IV identifies the expansion of ICT integration into learning and teaching as a major means for improving the quality of education. (MOE) have identified a number of lessons and challenges remaining from previous support to ICT in Education. These include the need for: (a) stronger institutional management, leadership and coordination; (b) more efficient systems for maintenance and repair, especially for ‘plasma’ TVs; (c) improved skills for exploiting ICTs for learning and teaching, at all levels, federal, regional and especially schools; (d) more effective use of ICT by teacher trainers; (e) more learning materials for students with special needs, and culturally contextualised materials; (f) more computers and peripherals in schools, and (g) an effective framework for monitoring and evaluation.*

255) The creation of an **Inspection system** is a major reform, said to be indispensable (in GEQIP 2 document) in order to ‘ensuring the effective implementation of the curriculum, the use of educational materials, the application of teacher skills developed through pre-service and in-service training, the effective use of school improvement plans and school grants, and effective monitoring of school performance’. The aim is to **standardise external school assessments** across Regions through the implementation of a new National Inspection Framework. It is intended that in future **all schools** will be **inspected at least once every three years**, with unsatisfactory schools inspected again within a year. Inspection is said to complement the process of school self-assessment which has been implemented as part of the SIP.

256) The implementation of a new **Teacher Licensing and Relicensing system** is also a major undertaking. The main objectives are said to be ‘to regulate the professional development of teachers and school leaders; promote excellence in the teaching profession and in school leadership and management; identify capacity gaps of teachers and school leaders and generate feedback for

*capacity development, thereby ultimately contributing to the improvement of student learning’.* There is a long way to go, starting by the first step i.e. the development of professional standards accepted by all concerned parties.

257) Under GEQIP 2 **school grants** are projected to require a total of \$245 million (2013/14 to 2016/17). In addition to the equity and performance considerations mentioned in the box above, the feasibility of introducing a system of ‘social audit’ or audit of the school grant by the community will be explored. This is both because the system of traditional audit has underperformed and because it is seen as desirable to further ‘*strengthen accountability of school administration to stakeholders’.*

### ***Learning for all: Functional adult literacy, ECCE and inclusive education***

258) Raising **functional adult literacy** through adult education has emerged as a higher level priority in the ESDP IV. According to the MOE, ‘*Adult and Non-Formal Education is designed to address the primary education needs of adults and others who are substantially older than the traditional primary school going ages of 7-14’.* This is very necessary because:

*A literate population is a precondition for any nation to become competitive within a global economy and without a significant increase in the adult literacy rate Ethiopia will not be able to achieve a middle-level income status within a foreseeable time. Increasing adult literacy rates will support other development goals (greater attention paid to children’s education; improved infant and children health outcomes etc.).* (ESDP IV)

259) Under the ESDP IV the focus shifted to **Functional Adult Literacy**. A concept of integrated FAL has been outlined in a **Master Plan**. It ‘*seeks to link writing, reading and numeracy skills to livelihoods and skills training in areas such as agriculture, health, civics, cultural education, etc. Such an approach requires delivery by various governmental and non-governmental service providers in multiple settings and also ensures that literacy skills development is meaningful to the learners’.* MOE developed various **guidance and manuals** and signed a **MOU with five ministries**. A FAL Board and technical committee have been established, to be replicated **at all levels down to wereda**. Regions are supposed to develop appropriate curriculae in local languages and mobilise various service providers. It is foreseen that 95% of illiterate adults should have participated in a two-year adult education programme, with the government covering 90% of the total cost, over the ESDP IV period.

260) The GTP APR for 2011/12 recognises that **implementation faces serious problems**. In **2011/12** the reported enrolment in FAL programmes reached **about 2.1 million adults** (1.3 million of whom in Oromia) **against the 18.2 million planned for this year**. This shortcoming is **not analysed** other than stressing the need for more efforts to raise awareness. MOE explains that data capturing for these programmes is comparatively new in Ethiopia, and reporting accuracy is very uneven because many such programmes are operated by non-government entities and because many Regions are not yet fully sensitized to the role of this type of education.

261) **Early Childhood Care and Education**, now internationally recognised as important, has also gained prominence in the ESDP IV. A **policy framework** was finalised **in 2010** through a consultative process involving MOE, the Ministry of Women and Children Affairs, the Ministry of Health, Addis Ababa University, Kotebe College of Teacher Education and interested donors and NGOs. In practice ECCE is rolled out through three modalities: **kindergarten** with three levels for 4-6 years-old children, **0-grade classes** to prepare children to enter in Grade 1 at 7, and **child-to-child programmes**. ‘*Non-governmental organizations... are the predominant operators of kindergartens. The government of Ethiopia introduced 0-grade classes and child to child programmes in the past few years. (It) is also involved in developing curriculum, training teachers, and providing supervisory support. The enrolment of pre-primary education is increasing every year though under-reporting remains a persistent issue.*’ (MOE 2012a)

262) An estimated **1.62 million pre-school age children** were reported to have had access to pre-school in 2011/12, **out of the 7.51 million children concerned**. 94% of the enrolment was in non-government preschools (NGO and privately-run); 0-grade class, introduced very recently, apparently

represented the bulk of the total enrolment (63.5%). Enrolment is increasing but slowly, so that the 2011/12 achievement is less than a quarter of the GTP target for that year. The disparity between rural and urban areas is very striking.

263) Although there is **little insight on the demand-side**, there are **clear limits on the supply-side** with **very limited funding** for pre-school education and the ensuing risk of *'placing a significant burden on an already overstretched primary education system'* (Young Lives Policy Brief 20, September 2012). The YL team highlights that in particular, expecting that primary schools should offer 0-grade education with no additional resources is unrealistic and in the long-run counterproductive as it will eat resources without delivering the expected benefits. They advocate for a gradually phased-in better-resourced approach.

264) **Inclusive education** is also high on the agenda. The MOE first developed a **Special Needs Education (SNE)** strategy in 2006. It was revised and implementation guidelines developed in 2012. The period since 2006 saw some important achievements, among others the launching of SNE Degree and Diplome programmes in several universities and Colleges of Teacher Education (CTE); an introduction course in SNE in all CTEs; sensitisation campaigns, capacity building for regional officials and data collection and analysis. But by 2011 many **challenges** remained including the **lack of clear responsibility and accountability** for inclusive education in government structures at all levels, and the **lack of specific budget allocations** for SNE. MOE reports that 43,132 children with special needs were **enrolled** in 2011/12, which is estimated to represent around **3% of the relevant groups**.

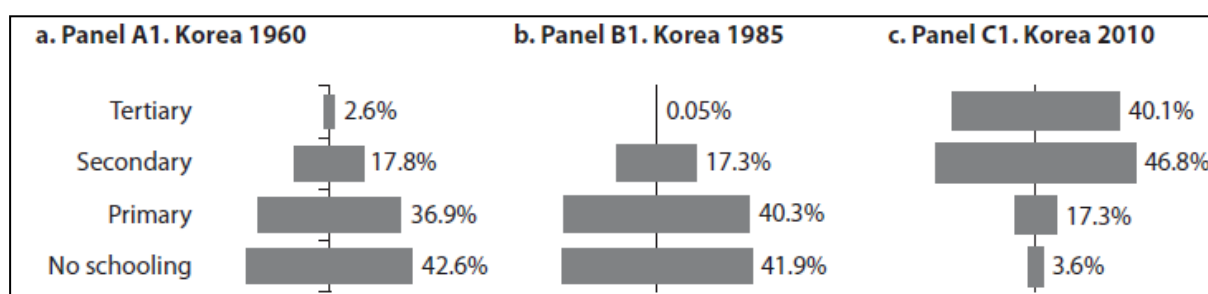
265) The revised strategy and guidelines try to address the challenges that have arisen so far. The MOE has established the Special Support and Inclusive Education Directorate to give more visibility and strength in implementing the revised Inclusive Education Strategy. **In early 2013 it intends to organise a high-profile National Conference** gathering a wide section of stakeholders from all levels, including high level politicians, to further raise awareness of the importance of SNE.

### ***Where should secondary education be heading to?***

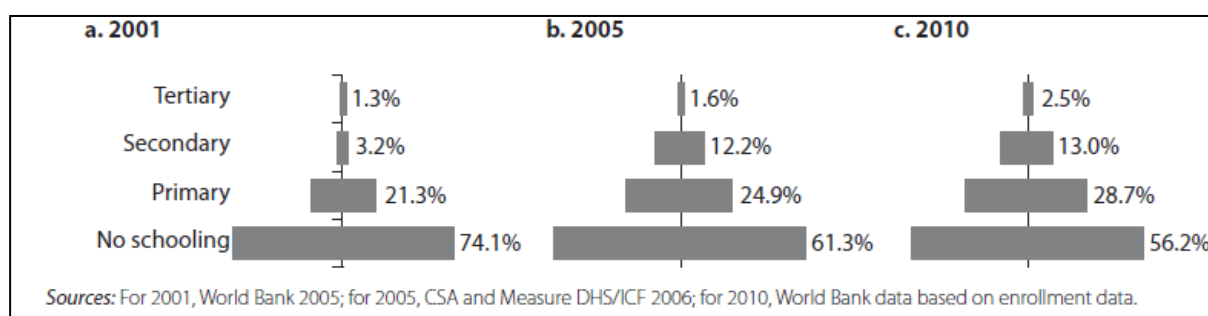
266) International experience shows that secondary education is critical to transform a country from low- to middle-income economy (Joshi & Verspoor 2012). Yet as noted above, in Ethiopia access to secondary education increases but hesitantly, and a number of challenges prevents the sector from playing the role it should have.

267) First, the **low primary education completion rate** constrains growth in secondary. Continued efforts to enhance primary education quality are therefore critical. Second, **access to secondary education is inequitable**. Many students passing the Gr 8 exams are not able to attend secondary school due to the costs entailed as they have to leave home. So while Ethiopia has almost reached middle-income country rates for primary education enrolment it lags substantially below average with regard to secondary education. This needs to change so that a **better-skilled labour force** gradually becomes available, which has been shown to be critical in the economic development of countries like South Korea and Vietnam. The skill profile of the workforce in Ethiopia has begun to transform but this is recent and slow, compared to the 'inversion of the skill-level pyramid' in 25 years (between 1985 and 2010) in South Korea – as shown below.

#### *Educational attainment of >15 year-old population in South-Korea*



*Educational attainment of >15 year-old population in Ethiopia, 2001-2010*



268) Third, the **levels of student learning are disappointing**. Moreover, the education provided, already not adequate for many of today's students, will be even less so for the larger '*student body*' required for economic transformation, which will have *a much wider range of backgrounds, abilities and aspirations*'. The system **needs to cater for different groups of students** (those who will be able to continue to preparatory education as well as for those who will enter TVET and a large number of Gr10 students who will want to enter the labour market). This is **not the case at all at the moment**.

269) To address this, the study recommends that (i) '**general secondary education curricula should be designed to prepare students for a range of future education, training, and career options**' and (ii) '*preparatory education should evolve into a programme with a broader purpose than preparation for university entrance*' (the study authors foresee that an increasing number of students will leave grade 12 looking for opportunities other than university entrance and this needs to be reflected in the curriculum). Going with these changes, the study argues that the purpose of the Gr10 and Gr12 assessments should shift from selection of students for higher education, to certification of a broad array of competencies marking acquisition of '*higher order skills*'.

270) There also needs to be a **diverse range of TVET and 'second chance' general education** programme available to graduates of all levels who discontinue attending formal education but may want to seek further education later in life. This would better accommodate the **dropping-in and – out trajectories** that we found a good number of people following (instead of the linear continuous trajectory expected from the current system) in the WIDE3 Stage 2 rural communities.

271) To address the issue of **equity in access**, the study recommends a '**small school strategy**' whereby for instance, Gr9-10 schools could simply be extensions of primary schools and Gr9-10 schools could be sharing common infrastructure and possibly some subject teachers. There also is a need for well targeted policy measures helping students from poor households such as **fee waivers, scholarships** in non-governmental schools and **boarding schools** where needed. **Quality** is of course an issue too – including qualifications and motivations of teachers and also, access to internet/ITC, labs and libraries etc.

272) The study also recommends a number of **governance reforms** including: the definition of standards and indicators for expected teacher performance that could be used for a teacher evaluation system, as a basis for the licensing and relicensing of teachers, and a future merit-based career progression system; the adoption of School-Based Management (which requires strong legal foundations); the mobilisation of the non-governmental sector through a genuine public-private partnership and public support to the development of non-government providers (thus going beyond the current attitude of '*acceptance of the private sector as a self-financed parallel system*').

273) Based on the premise that '*lack of action is not an option*' the study proposes **ways of financing** the reform of secondary education. This requires a **combination of cost-saving measures** and an **increase in the resources allocated to secondary education**, unlike past trends which have seen secondary education financing squeezed (to around 10% of the total education budget) between the continuously high proportion allocated to primary education and the drastically increased proportion allocated to higher education (the latter is thought to have reached 50% in the 2008-2010 period).



274) In parallel to this call for **reflection about secondary education**, the government and DFID have engaged in a 'result-based aid' pilot project of up to \$10 million per annum, **rewarding the government for increases in the numbers of Grade 10 sitters and passers**. Under this 'contract', the government and DFID agreed on regional baselines. Payments will be made in relation to numbers of sitters and passers in each Region, over and above the regional baselines (both increases in the number of sitters and in the number of passers are rewarded). This will first be independently verified. The 'price per student'<sup>28</sup> is calculated to roughly offset the costs of two years of lower secondary schooling; there is an additional incentive for girls and students from the four emerging regions, sitting and passing.

275) Funding is to be provided for the education sector and not the general federal budget. DFID will not ask for reports or audits of the funds, but for a record of the decisions about their utilisation. The first payment will be made once the 2012 exam results will have been verified. The pilot will be evaluated after three years to assess whether results have increased and if and how this can be attributed to the project, as well as capturing unintended consequences and lessons to be learned.

276) A question underlying both the issue of 'secondary education for the long term' and the goal of the pilot RBA project of raising the Grade 10 exam pass rate is: **why are today's Gr10 exam pass rates so low?** Many fingers point at the issue of poor quality of primary education – which is precisely what GEQIP aims to address. Students may also face difficulties in transitioning from one medium of instruction to another, which all those who get access to Gr9 must do – with preparations depending on the regional language policy. The just starting USAID project READ should contribute to address this – in the medium term - as it focuses on improving basic reading and writing performance of primary school students 'across Regions and languages'.

277) There are indications that **GOE is taking up some of the recommendations of the WB study**, for instance expanding primary schools into general secondary schools wherever possible. The government is also considering commissioning a study that would assess how well general secondary education prepares students for TVET. Other recommendations are likely to be considered much more cautiously, e.g. in relation to support for poor bright children<sup>29</sup>.

### ***Taking stock of the TVET reform***

278) As seen above, there are **high expectations on the TVET system** in relation to the **development of the MSE sector**. At the same time, it is **not clear that the reforms of the TVET system** as they have been conceived are **geared to this**. More broadly, the TVET sector has been a **high priority** for the government since 2005 and its importance was reconfirmed in the GTP. This resonates with an international trend of renewed attention to the sector in developing countries, underpinned by three goals: addressing the **lack of skills** thought to be a prime cause for under-development; resolving the issue of **youth unemployment** and; increasing the **competitiveness of industries**.

279) In Ethiopia, the driving goal of the national TEVT strategy (2008) is to strengthen the culture of **self-employment and support job creation** in the economy. The strategy stresses the necessity for creating one coherent, outcome-based TVET system which includes formal, non-formal, informal, initial and further training for all sectors. The **government has a central role in both managing and providing TVET** – against the World Bank's best advice<sup>30</sup> but with some sympathy from other actors.

*The government believes that the present low factor productivity is due to the skill gap, and that left to its own, the industry will provide less training than is socially optimal. Therefore, publicly provided vocational education is seen by the government as the means to close this skill gap...*

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<sup>28</sup> See the DAG website at [http://www.dagethiopia.org/index.php?option=com\\_content&view=article&id=140:bringing-results-based-approach-to-the-education-sector&catid=11:sector-review&Itemid=68](http://www.dagethiopia.org/index.php?option=com_content&view=article&id=140:bringing-results-based-approach-to-the-education-sector&catid=11:sector-review&Itemid=68)

<sup>29</sup> Personal communication from DFID senior education adviser

<sup>30</sup> *Technical and Vocational Education and Training in Ethiopia*, P. Krishnan and I. Shaorshadze, IGC, Feb 2013



*Government involvement goes beyond mere provision of TVET. The Ministry of Education administers the centralized exam at the end of the general secondary and scores on this exam determine if a student continues to the preparatory school or is placed in the TVET track. This national exam also determines which level of TVET the individual can join. Furthermore, the allocation of the numbers of places for specialization is also centrally determined. TVET system in Ethiopia is essentially command driven, even though the government recognizes the importance of ensuring the system is sufficiently flexible and responsive to demands of industry.*

280) Finding skilled workers is seen as a major constraint by businesses generally. A World Bank study of 2009 found this to be the case to a significant level (10% and more, up to 100% in one case) practically for all types of enterprises (small to large, domestic or foreign capital, services or manufacturing). Correspondingly, skills in Ethiopia command a high wage premium – with the average wage differential between skilled and unskilled labour equal to 81% against 14% in China (for skills that are demanded by the market)<sup>31</sup>.

281) When it looked at reforming the TVET system around 2005 the government was convinced by the **German-style dual system**, in which the **theory** is taught in education institutions and practical skills acquired in **apprenticeship in a company**. The system was also reformed to be more **modular**, allowing students to study up to five levels in a continuum recognizing gradually more sophisticated competencies corresponding to gradually more demanding **occupational standards**. Levels 1 & 2 are reached through short-term courses open to students not having attained Gr10 (see below on non-formal TVET). Levels 3 to 5 require attaining Gr10, and scoring ‘TVET points’ to enter government TVET institutions. Students doing less well can enroll in private institutions.

282) Students’ achievements are to be recognized through a system of **occupational assessment and certificate of competence (COC)**. The various streams are to be part of a **TVET Qualifications Framework** defining the value of the various qualifications, ensuring that different qualifications are comparable, and facilitating horizontal and vertical mobility within the TVET system. In all these developments it was foreseen that **employers would be closely associated**. The box below summarises some of the achievements to date in deploying this architecture.

#### Milestones in deploying the TVET reform

Since 2008 the government has issued the TVET Strategy (2008), manuals for TVET Curriculum Development and for the Development of Training, Teaching and Learning Materials (2009 and 2010), Guidelines for Ethiopian Occupational Standards Development (2009), a National TVET Qualification Framework (2010), and a TVET Leaders and Trainers Qualification Framework (2010). Occupational Standards (OS) and associated curriculum are available on the MOE-TVET website for: ICT, agriculture, metals/manufacturing, leather, construction, automotive technology, electrotechnology, sports, and textiles and garments. There are for instance 17 standards for construction of buildings, combining different sub-occupation types and levels.

Every TVET institution is responsible for developing their own training materials based on the centralized OS and models developed by the Federal TVET Bureau. This is facilitated, monitored and evaluated by regional TVET agencies. In this way training is supposed to be based on local market needs and surroundings.

283) As shown above the system at the moment is **failing to meet the GTP targets** i.e. enrolment in TVET institutions is much below the plan (female participation is high at 46% and the enrolment has grown at an average 18% per annum between 2003 and 2011). We did not find a government analysis of the reasons why this might be the case. An international study highlights a number of issues resonating with some of the findings of the WIDE 3 Stage 2 research and personal observations or communications. Notably<sup>32</sup>:

<sup>31</sup> *Towards the Comparative Frontier: Strategies for Improving Ethiopia’s Investment Climate*, report no. 48472-ET, WB

<sup>32</sup> The points made here are from the ICG study just mentioned.

- The system of operational standards is quite complex and does not easily fit with the **predominantly informal nature of the sectors concerned**.
- It has **not been easy to find employers willing to take apprentices**, more so in some sectors than in others. As the system is due to grow this becomes an increasing concern. Generally the involvement of the 'business world' in TVET is loose.
- The '**command system**' of matching the number of Gr10 students scoring TVET points to the number of places available in TVET institutions is inefficient. It is complicated to manage and in addition, does not take into account the stream of students joining TVET after they fail to score enough to join university in Grade 12. It disregards students' preferences. This leads to the emergence of a 'secondary market' whereby students try to swap places to match their preference better, which is equally inefficient as students have a limited information basis to do so. The system also ends up in particular TVET institutions being under- or over-subscribed as an unknown number of students scoring enough points will not be able to join the TVET institution they have been assigned to due to financial constraints.
- **Quality** of the training offered is an issue, linked to qualifications of the trainers and availability of equipment. Addressing these gaps is not obvious considering the time it takes to train trainers, and the funding requirements.
- Places are allocated among occupations based on **labour market analyses and forecasts** done by MOLSA and the federal and regional MSE Agencies. This has **weaknesses too**.

284) **Very little is known about the TVET informal and non-formal systems.** *'Informal TVET is unregistered, with a low level of organisation, mostly through home-based activities or without fixed locations. At the moment informal TVET it is not supported or regulated by the government. Non-formal TVET is provided to a wide range of target groups such as school dropouts, those with below grade 10 education or lower including illiterate people, unemployed, youth and adults, who could produce supporting letters from their respective weredas. The training is offered in places like Community Skill Training Centres (CSTC), prisons, and farmers training centres, from short-term courses of a few days to long-term programs of up to 6 months. In terms of selection, all public institutions target people with a low income and an interest to be self-employed after completion of the training. Private institutions enrol all those who can afford it'* (Eden Teklay Hailu 2012).

285) It is important to '**make TVET work**' given the ambitious GTP targets and the fact that already now, Ethiopia has a very high proportion of all upper secondary school students enrolled in formal TVET programmes compared to many other countries having reached middle-income status (Joshi & Verspoor 2012). Yet this is not easy. **Scholars around the world disagree** on how best TVET can be made to serve the three objectives outlined above: filling the skill gap, ensuring youth employment, and increasing industrial competitiveness - let alone what government role should be in this.

286) In terms of school-to-work transition, Sandhaas and Winkler (2011) point out that **statistics, studies or reports on the where-about of TVET graduates do not exist in Ethiopia**. But there is **evidence that most TVET graduates** engage on the labour market as **potential wage employees rather than with the intention of self-employment** as promoted in the TVET strategy. The factors affecting this initial choice are said to be first and foremost lack of start-up capital, followed by lack of market familiarity and of experience in managing and running a business. Wage employment also appears to be considered as an achievement by many families. On the other hand, in communities where there are successful self-entrepreneurs they play an important role model.

287) In other words, the TVET system as it stands appear to **leave many TVET graduates facing a hard time** as they find themselves lacking (mainly managerial) skills critical to successfully engage in self-employment in the MSE sector (in addition to the limitations described above in the

government's support to MSE development), employment opportunities are scarce<sup>33</sup>, and the match between labour market needs and TVET outputs is uncertain. The TVET system is also failing in making the necessary connections with the agencies that are supposed to deal with post-TVET training support (MSE development agencies and MFIs among others). The government is aware of these weaknesses but it is as yet unclear how it intends to address them other than stating the need for further coordination, strengthening data collection etc.

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<sup>33</sup> See for instance *Analysing Labour Outcomes of TVET in Ethiopia: Implication of Challenges and Opportunities in productive self-employment of TVET graduates*, A Research Paper by Eden Teklay Hailu, International Institute of Social Sciences, Dec 2012; itself based on several other studies leading to this 'conclusion'.

### 3.4. Policies and programmes in relation to social equity

#### Social Protection

288) At the time of writing this update the **Social Protection policy** was still in **draft form**, though deemed to be soon approved after being endorsed as a sort of manifesto by the EPRDF March 2013 Congress. Its approval will be a milestone in a decade-long process described as *‘growing policy momentum... spearheaded by a concern to move away from a dependency on emergency food aid and, more recently, by government efforts to protect the most vulnerable from the impacts of the global food, fuel and financial crises of 2008’<sup>1</sup>* at the same time as an initial step in a long-term process of establishing a comprehensive social protection system.

289) There were **several changes worthy of note in the successive policy drafts**, until the December 2012 version supposed to soon reach the Council of Ministers. These are outlined in the box below.

#### Evolution in successive drafts of the Social Protection policy

The current draft no longer refers to replacing or updating the 1996 Developmental Social Welfare policy. It includes an analysis of vulnerabilities and of existing interventions aimed to address some of these. It also refers to a number of broader policies that are said to contribute to fulfilling aspects of the SP policy objectives, so that one of the main aims of the policy is to *“facilitate systematic and ongoing reviews and evaluations of the **coherence and integration** among various policies, strategies and action plans to avoid potential overlap and fragmentation”* (version Dec 2012).

The **“mission”** of the policy was radically reformulated several times. The current final version is formulated so that SP is relevant to all citizens and not only to poor and vulnerable groups:

- September 2011: To reduce risks, vulnerability and poverty in the country by establishing a framework that **empowers the poor and the vulnerable** while at the same time promoting their productive capacity and opportunity for income generation thereby lifting the chronically poor above the poverty line and protecting them from falling into poverty.
- March 2012: **Reduce vulnerability and poverty** by providing social assistance and social insurance, promote employment opportunities, enhance productive capacity and ensure citizens understand their responsibilities for the progressive realization of social protection rights.
- December 2012: Create an **enabling environment** in which **citizens** have equitable access to all social protection services that will enhance their growth, development. This includes provision of social assistance and social insurance, promote gainful employment opportunities, addressing inequalities to social services, provision of legal protection support for vulnerable population by putting in place appropriate legislation, programmes and institutional arrangements.

Between September 2011 and March 2012 the policy was enriched by the definition of the following **principles for social protection**: Government leadership, sustainability, gender sensitivity, effectiveness, efficiency, predictability and reliability, participation, human rights (SP progressively realising the human rights of all citizens and others members of the society), inclusiveness, accountability and transparency and partnership. The Dec 2012 adds **mainstreaming**– aimed to *“integrating social protection measures in the strategies and action plans of different government institutions as core way of implementation and synergy creation”*.

Recognising that establishing a comprehensive SP system is a long term agenda the policy identify **priorities or ‘focal areas’**, as follows: 1. **Social Safety Nets** (including aspects of the existing Productive Safety Net Programme such as community asset-creating public works programmes); 2. **Livelihoods and Employment Schemes** (including an emphasis on the existing MSE development policy); 3. **Social Insurance** (referring among other to the strengthening of community-based health

<sup>1</sup> Realising the nutrition potential of social protection: Progress and Challenges – Social Protection and Child Malnutrition, Ethiopia, Save the Children (undated, c.2012).

insurance and expansion of weather index-based insurance); 4. **Addressing inequalities in access to social services** (mentioning notably expansion of fee-waiver and the use of conditional transfers).

The Dec 2012 version adds a fifth focal area, “**addressing violence and abuse and providing legal protection and support**”. The addition of this more ‘rights-focused’ area was said to be the result of a validation workshop bringing together a broad range of stakeholders.

The Dec 2012 version maintains a reference to **government financing of social protection** as in earlier versions but no longer puts any number to it (earlier versions mentioned 2-3% GDP). This version also gives **MOLSA the lead role** in coordinating the implementation of the policy.

290) The development of the social protection policy was led by the National Social Protection Platform (NSPP) which MOLSA and MOA co-chaired and whose membership was to be drawn “*from a range of education & research, mass media, private sector, civil society, government, development partners, UN agencies, professional institutions other organisations and fora*” (NSPP Terms of Reference 2009). While high level support from the whole of government is expected to arise from the EPRDF party endorsement one should note that **the 2011/12 GTP progress report does not make reference to the development of the social protection policy**.

291) On the donor side, the **AfDB** Country Strategy Paper 2011-2015 mentions the PSNP as Africa’s largest social protection initiative but social protection is not a priority (the AfDB does not finance the PSNP). The **EU** Country Strategy Paper 2008-2013 was drafted at a time when social protection was not yet on the policy radar screen in Ethiopia. The EU is contributing to the PSNP and as such, is interested in what will happen to it post-2014.

292) Social protection is not mentioned in the **USAID** Country Development Cooperation Strategy 2011-2015. While recognizing the need for differentiated approaches to economic development in ‘*productive Ethiopia, hungry Ethiopia and pastoralist Ethiopia*’, the strategy explains that USAID will focus on demonstrating ‘*the potential of market-based agricultural development to reduce poverty and promote sustainable livelihoods for chronically food insecure households*’. However, USAID is reportedly interested in the idea of supporting the development of a ‘*social welfare workforce*’, said to be a ‘*key element of the SP strategy*’ under preparation (see below).

293) In its Operational Plan 2011-2015 (revised in June 2012) **DFID** explains that it will be “*working to ensure that over time the humanitarian effort responds exclusively to crises, and that reliance on expensive humanitarian assistance for chronic, predictable need is replaced by a cost-effective, sustainable and comprehensive national system of social protection*”. There is no detail about how this is going to be done. However, the office has recently been strengthened with a senior social protection adviser.

294) In its CPS the **World Bank** stresses the importance of ‘*a comprehensive social protection system*’ but seems to define it **more narrowly than the draft policy**. The Bank’s approach appears to be grounded in the “**PSNP post-2014 question**” considering that the graduation rate is much below targets. In instances the CPS seems to consider social protection as on the one hand a **response to risks and disasters** and on the other hand, a **transitional need to provide social transfers to the chronically poor** – as ‘*for the majority of the population diversification of livelihoods and employment opportunities, in both rural and urban areas, and a comprehensive approach to agricultural growth, in both low potential and high potential areas, offers the only viable and sustainable solution to food insecurity in the medium- to long-term*’. However, it is the WB which is funding the consultancy supporting the government in developing the social protection strategy – foreseen to build on the (still draft) policy and to be ready in June 2013.

295) **UNICEF** together with a group of **interested NGOs have been proactively involved** in the development of the draft policy. UNICEF’s key role is in line with the emphasis on social protection found in the UNDAF 2012-2015<sup>2</sup>. The **UNDAF includes specific targets**, e.g. that by 2015 ‘*all Regions*

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<sup>2</sup> Ethiopia United Nations Development Assistance Framework 2011-2015, United Nations Country Team, March 2011

will have initiated in at least one wereda a minimum package of social protection in accordance with a legislation and funded national action plan' and in 4 Regions there should be at least 20% of the weredas with 'good implementation' of the minimum package. The UNDAF targets are based on the **assumption that GOE would finance social protection to the tune of 2-3% GDP** – which as noted above was mentioned in earlier versions of the draft policy but no longer in the most recent one.

296) On the ground, the **Regional Government of Tigray** has decided to rollout a '**Community Care Coalition**' approach, which is supposed to be in place in all kebeles. The scheme is based on the fact that in each kebele the community decides to levy a 'local tax' which is to be managed by a kebele social protection committee and used to assist various vulnerable groups. The assistance mobilised in this way can take the form of grain, school uniforms, home visits to care for the sick, elderly and orphans, or help with ploughing, weeding and harvesting fields<sup>3</sup>. Building on this, the Regional Government, UNICEF and other partners launched a pilot social-protection initiative (in August 2011) which is described as a formalisation of the CCC approach.

UNICEF pilot social protection scheme in Tigray<sup>4</sup>

The scheme constitutes a collaborative effort between the Bureau of Labour and Social Affairs (BoLSA) of Tigray Region, which governs the programme, and UNICEF, which provides technical support. As a pilot, the scheme will reach approximately 3,300 households in two weredas. Beneficiaries will receive one or a combination of instruments consisting of social pensions, basic household poverty grants, disability grants and child support grants. Grants are funded by funds provided by the Bureau of Labour and Social Affairs and given to beneficiaries identified by the CCC, and range from ETB80 to ETB160 (US\$4.80 to US\$9.70) depending on household composition. They are administered regularly through a local micro-finance institution.

The scheme is predicated on a community-led selection and benefit determination process. It utilizes existing Community Care Coalitions (CCCs) - that include the Kebele Manager, teachers, health extension workers, development agents, police and representatives of women, children and youth - to determine who is vulnerable and how to support them through a combination of community and public resources. The scheme also has a grievance mechanism built into its design.

297) No comprehensive documentation was found on the implementation of the CCC or of the UNICEF pilot so far. Other Regions have been visiting Tigray. Reportedly the Regional Government in SNNPR has written to MOLSA to request federal assistance to set up a pilot. Initial discussions revolved around a scheme in which local social protection measures would be co-financed by community-decided contributions and contributions from the regional government, from its own resources supplemented by external support, through cash transfers that would be managed by the same committee as the local contributions. This is at the stage of concept.

298) Another set of initiatives focuses on the development of a **cadre of social welfare professionals**. This has been prioritised by MOLSA together with MWYCA and the MOE Federal TVET Bureau with the idea of developing a full-fledged social work TVET stream. From the documentation reviewed it is not clear whether the government would be expected to finance the deployment of this cadre and if so at what level(s). Certain donors seem to understand that new government social workers should be deployed at the kebele level – which financially competes with the reported request by FMOH to deploy a third health extension worker.

299) Meanwhile one key question for both **GOE and the PSNP donors** is - **what will come after 2014**<sup>5</sup>. In its report for the mid-term review just concluded, MOA states that '*First, a national social*

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<sup>3</sup> [http://www.unicef.org/esaro/5440\\_Ethiopia\\_community\\_care.html](http://www.unicef.org/esaro/5440_Ethiopia_community_care.html)

<sup>4</sup> UNICEF, 2011. "Tigray Region launches social protection initiative based on Community Care Coalition (CCC) model," UNICEF press release, 12 August 2011, [http://www.unicef.org/ethiopia/ET\\_PR\\_SCT\\_02\\_Tigray.pdf](http://www.unicef.org/ethiopia/ET_PR_SCT_02_Tigray.pdf)

<sup>5</sup> The Protecting/Promoting Basic Services continues to be examined under the Bank's Social Protection Board in spite of the change in name. However, its medium-term future is not discussed in the context of social protection policymaking.

protection policy has been drafted to which PSNP stakeholders both government and development partners have made significant contributions. Second, work on integrating “permanent safety nets” as part of the comprehensive DRM policy and investment framework is underway.’ The aide-memoire concluding the review process is fairly cautious, recording an agreement to

*‘sustain and deepen PSNP engagement in new high-level GoE strategies. Approval of the DRM and Social Protection policies, both of which are currently in draft pending approval by the Council of Ministers, will help to (i) locate PSNP and HABP in reference to broader national development goals; (ii) highlight potential synergies; and (iii) provide a basis for considering the future of social safety net programming beyond the end of the current phase of PSNP at the end of 2014’.*

300) Linking up **PSNP, social protection and nutrition** policymaking and programming, Save the Children outlines a number of measures that would harness the **potential of social protection to tackle child malnutrition in Ethiopia** (Save the Children undated). This is based on international experience showing that well-designed social protection measures can have a significant effect on child nutrition (e.g. school feeding, cash transfers conditional to use of nutrition services, exemptions from health insurance contributions for households with underfive, targeted support to orphans and vulnerable children).

301) In the specific case of Ethiopia they recommend to: (i) ensure rapid approval of the SP policy, strengthen MOLSA’s role and clarify accountabilities for social protection; (ii) design social protection programmes (including existing ones such as PSNP) in a more nutrition-sensitive way with a strong focus on infants and pregnant and lactating women (considering e.g. adding in-kind transfers of supplements for households with infants, including nutrition education sessions either as condition to transfers or as part of PSNP information/communication campaign); (iii) take concerted actions to cover vulnerable households in non-PSNP weredas; (iv) promote mothers’ empowerment and increase their control over family resources through considering targeting social transfers to women in male-headed households.

302) To conclude, it seems that **two major challenges**, found to exist in many countries, are most relevant to Ethiopia at this juncture. First, **social protection is not the same as poverty reduction** and should not be **reduced to the ‘promoting’ dimension** only (USAID and WB in Ethiopia?). It also **should not be reduced to the ‘preventing’ dimension** aimed to prevent the vulnerable from being decimated by uninsured **shocks** (the ‘risk preparedness and management’ dimension also stressed by the WB and DFID in Ethiopia?). At its **core, social protection includes a ‘protective’ dimension** which must go beyond a three to five year project, because *‘graduation is not social protection’* (Devereux 2013)<sup>6</sup>. **Social protection in that sense is a permanent commitment.** This is not something that any government should take lightly and it is not likely that the Ethiopian government would do so.

303) Second, **building a social protection system** (as opposed to a 3-5 year project) is not straightforward. It requires determining managerial responsibilities among government agencies, and identifying unified eligibility criteria. In terms of financing, the government needs to undertake actuarial calculations of population trends and of the evolution of beneficiary entitlements over time, and **make binding decisions to create and sustain fiscal space** – which is precisely what GOE did not want to do in the latest version of the SP policy<sup>7</sup>.

## Youth

304) There has been **no new policy development** with regard to youth in the past two years. In the GTP APR for 2011/12 the reporting on youth as a crosscutting issue is very brief and factual. It is recorded that almost 2 million youth and 1570 youth leaders received training on management – in line with the goal of capacitating youth to enable them to benefit from the economic growth. With

<sup>6</sup> See <http://vulnerabilityandpoverty.blogspot.be/2013/02/transformative-graduation.html>

<sup>7</sup> See <http://vulnerabilityandpoverty.blogspot.be/2013/02/towards-systems-of-social-protection.html>

the same goal, a total of 433,820 micro-enterprises were scaled up to small and medium enterprises and given financial, technical and material support. Multipurposes recreation centres were constructed and various conferences organized.

305) On the ground, the government vision for the economic empowerment of rural youth seems to be a combination of (i) enrolling them as a generation of **younger and better educated smallholder farmers** to achieve the transformation of agriculture that the GTP foresees and (ii) seeing more rural **young people moving out of agriculture to self-employment** or, for some of them, jobs in industries and services. In both cases, some education is seen as a good thing. The government continues to have an ambiguous attitude to rural-urban migration and as shown above, does little to support the development of non-farm options in rural areas. In government official circles there is little explicit discussion about the single biggest constraint on land-based options for rural youth that is, their lack of access to land – although it is like the ‘elephant in the room’.

306) One question is **whether young people in Ethiopia are attracted at all by this role of successful young farmer**. There is some literature casting doubt about this, and arguing that *‘very few young people and their parents (consider) farming as a possible option for a future livelihood. For others, farming/agriculture might be a last resort’*<sup>8</sup>. It is important to put this in context. The paper concluding this is based on fieldwork in two kebeles. While there is some evidence that its headline conclusion may be true more widely for some youth, there is **no large-scale study** documenting this question. Moreover, the paper itself actually paints a more nuanced picture, finding that young people came with ‘competing narratives’ as to whether agriculture was changing in ways making it more profitable and appealing. One key issue, even for those who thought that agriculture could be attractive, was indeed access to land. In the WIDE 3 Stage 2 research we found many cases of youth and their families having other aspirations than farming, but also cases of young successful farmers actively pursuing strategies to overcome some of the constraints they faced.

307) The **question about the young farmers** is one facet of the **broader question of the aspirations of the rural youth for the future**. With many rural areas much better connected and many rural youth getting more of an education it is likely that their aspirations are changing. Especially for those who have been outside of the community (to study or work) they have been exposed to and come back with ideas, values and role models that do not belong to the local customary repertoire of their community. At the same time, local social norms and economic opportunities are changing too. In this moving landscape, the way in which both working and un(der)employed youth negotiate their aspirations for the future, local notions of status and social expectations and the economic opportunities actually at hand is little known.

308) Notwithstanding this caveat (that we know little), **the reality for many rural youth appears to be far from the government vision**. There are few sustainable livelihood options (see section on livelihoods) and in addition, under the current circumstances educated youth are not necessarily better off than uneducated one (see section on education). As some youth put it *‘the government has abandoned young people. They have not been given land so they cannot go in agriculture, but neither is the government giving them other opportunities for making a living. Although some measures are taken by the government to organise unemployed youth and help them create jobs for themselves, this is only in towns. The rural youth are simply left to fend for themselves’* (IDS 2012 Ag). Others simply say that they are *‘just sitting and waiting’*<sup>9</sup>.

309) The **government** does not publicly recognize these issues but must be **aware** of the fact that the **youth are having a hard time**. Beyond the economic implications (and while ‘Arab spring-like scenarios’ are evoked only by the opposition) the government must also be aware of the social and

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<sup>8</sup> *A Last Resort and Often Not an Option at All: Farming and Young People in Ethiopia*, Getnet Tadele and Asrat Ayalew Gella, IDS Bulletin Vol. 53, No.6, Nov 2012.

<sup>9</sup> *“We are only sitting and waiting”: Aspirations, Unemployment, and Status among Young Men in Jimma*, Ethiopia. PhD Thesis by Daniel Mains, 2007



political risks that a growing bulge of dis-satisfied youth might represent. Reportedly, there is a realization that the **youth policy** which is supposed to address these issues is too vague to be satisfactory, and **needs revisiting**.

310) There is no formal forum to discuss youth issues between the government and the donors. But some discussion has been initiated between the Ministry of Women, Youth and Children Affairs and UNICEF about the need to sharpen the youth policy and be clearer about actions and resources that the government would put in implementing it. A related (?) initiative is the discussion about a broad, consultative policy dialogue through rounds of consultations informed by working groups' analytical work, leading to a national *'Conference on Ethiopian Youth Unemployment: How to Include Youth in Economic Growth in Ethiopia?'* sometime end of 2013. It is hoped that outcomes would include a revised sharper policy and strategy reflecting a *'renewed focus on the root causes of stagnant youth employment'* and *'greater coordination among donors and other development organizations'*<sup>10</sup>.

311) In a separate development the MWYCA and a number of partners have developed a draft **Adolescent Development and Participation Strategy** (draft March 2013)<sup>11</sup> currently being discussed in broader consultation meetings. The strategy focuses on the **10-19 age group**, arguing that it has been neglected so far in terms of attention and programming. It proposes to redress this in a way that builds on existing policies and strategies (youth, education, health etc.) and *'reinforces linkages between policies, strategies and programmes designed for children, adolescent and youth'*. This is at quite an early stage of development.

## Women

312) As for the youth there has been **no big policy development** in the last two years. Compared to the youth there seems to be **less of a sense that something else or different is required**. The GTP APR for 2011/12 reports that targets fixed for women's economic empowerment were exceeded or very nearly met. 119 cooperatives were transformed from micro to small and medium enterprises (target 100); credit and savings services were provided to 1,478,152 women (target 1.5 million); 70,500 women were trained in business and livelihood skills (target 49,000) and four management training institutes were established (target 2). Targets were also achieved in relation to political empowerment (women in decisionmaking positions in parliament, executive and justice bodies – apparently focusing on federal and regional bodies). The APR also mentions that 35% of the federal institutions have mainstreamed women and children affairs in their development programmes.

313) The government also states that many other measures in other sectors/fields contribute to raising gender equality, including: the government fight against Harmful Traditional Practices (HTP) harming women, better access to contraception and maternal and child health services, active promotion of girls' education, the functional adult literacy programme, greater access to safe water, measures taken against trafficking, enforcement of new family laws now in place in all Regions<sup>12</sup>, and the new Criminal Code criminalising practices such as abduction<sup>13</sup>. It is also government policy to rely on elders, religious and clan leaders to help in shaping new norms related to women. The new development armies should also play an important role in awareness-raising on women's rights and in strengthening the implementation of many of the measures just mentioned.

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<sup>10</sup> *'How to Include Youth in Economic Growth in Ethiopia and beyond 2015'*, concept note undated, no author, outlining rationale for, possible agenda and process leading to a proposed National Conference on Youth Unemployment in Ethiopia.

<sup>11</sup> The drafting of the strategy was guided by a core group consisting of members of various Departments of MWYCA (women, children, and mainstreaming), UNFPA, UNICEF and DFID.

<sup>12</sup> The new federal Family Law was enacted in 2000. Between 2000 and 2005 the four big Regions adopted new laws adhering to the federal framework. By 2011 new laws were in place in all of the eleven regions. See *'Policy Reform toward Gender Equality in Ethiopia – Little by Little the Egg Begins to Walk'*, Neha Kumar and Agnes R. Quisumbing, Ethiopia Strategy Support Programme II, EDRI/IFPRI, Working Paper 45, November 2012

<sup>13</sup> E.g. see the defense of Ethiopia's report to the UN Committee on Elimination of Discrimination Against Women, 25th July 2011 – accessed at <http://danielberhane.com/2011/08/16/q-a-un-committee-on-ethiopias-gender-affairs-performance/>

314) A number of other parties highlight that there remain many issues (e.g. lack of knowledge of new laws by local judges, deep-seated patriarchal attitudes), and questions about which the government's response is inadequate or insufficient (e.g. while both parties must consent and sign a form to that effect for family cases to be arbitrated by sharia courts, questions may be raised about the practical meaning of consent in many cases). The lack of resources is often mentioned as an issue although the government reports progress there too (e.g. gender focal persons in all sectors at regional level, gender machinery being decentralised down to kebele level, consultative federal-regional meetings to review performance etc.). Some observers find that gender programming is weak, but that government directives travel well through government and party structures.

315) Overall, there are two ways of looking at the progress made in Ethiopia in relation to gender equality. It is a **glass half full** and therefore also a **glass half empty**. It must be said that those who see it as half-empty (or even worse) sometimes rely on fairly dated information without highlighting this fact, which arguably, leads them to overlook some of the more recent progress<sup>14</sup>. However, as pointed out in several reports, **discrepancies between the *de jure* framework and *de facto* practices** do exist and there is little systematic information about them and no system in place for it to be available. Generally **accountability for enforcement of the laws** is found to be **weak**.

316) One particular issue which rose to prominence in the past two-three years has been around the **role of and space for civil society organisations** engaged in enhancing women's rights – which often are critical in helping women who want to bridge the gap between *de jure* and *de facto*. A number of reports – generally by outside bodies or relayed by them – alleged that since the passing of the CSO Proclamation in 2009, many such organisations faced obstacles of all kinds. This initially was not recognised by the government<sup>15</sup>. However recently, with government agreement DFID financed a review which indicated that the CSO Proclamation had indeed negatively affected the activities of NGOs combating gender-based violence. A UK high level visitor met the Minister of Federal Affairs who committed to write down instructions to the effect that these NGOs should not be prevented from doing their work. This was reported in the media.

317) There seems to be an emerging interest in understanding **how greater gender equality results from synergies** (planned or unplanned) between policies in different fields or between policies and broader ongoing changes. For instance, a Nov 2012 study shows *“how two seemingly unrelated reforms – **community-based land registration**, underway since 2003, and **changes in the Family Code** implemented in 2000 – seems to have created conditions for mutually reinforcing gender-sensitive reforms”* (Kumar and Quisumbing 2012). The study highlights that for instance, awareness about the land registration process and the presence of women in the Land Administration Committees were positively correlated with shifts in perceptions toward equal division of land and livestock upon divorce. These shifts are most striking in the SNNPR villages – from a baseline in 1997 where very few households thought that there should be equal division<sup>16</sup>.

318) Another example is the synergy between the government **policy of promoting girls' education** and the **family law** generally providing for **greater choice in relation to marriage** (including in relation to age). In turn these two policies interact with **recent broader changes in rural livelihoods**

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<sup>14</sup> A typical example is the Africa Rights Monitor report to the UN Committee of Economic, Social and Cultural Rights related to the country situation in Ethiopia ([http://www2.ohchr.org/english/bodies/cescr/docs/ngos/ARM\\_Ethiopia48.doc](http://www2.ohchr.org/english/bodies/cescr/docs/ngos/ARM_Ethiopia48.doc)). The report is full of statements such as “women rarely participate in *de facto* land rights registration process and generally hold disfavoured positions in land disputes” said to be based on a **recent** unpublished study mentioned in a WB report on the Ethiopian justice system, dated from **2004**.

<sup>15</sup> E.g. the delegation defending the Ethiopian report at the CEDAW meeting in July 2011 stated that “the charges that the law negatively impacted NGOs working on women's rights issues were ‘unfounded’, as seen in the growing number of women's groups that had registered and were operating in the country”.

<sup>16</sup> The study is based on data from the Ethiopian Rural Household Survey (ERHS) and carried out for fifteen of the same villages as the WIDE 3 research for which data from 1997 and 2009 is used.

resulting in **changed economic roles of young women**<sup>17</sup>. The study highlighting this, limited to one location but whose findings resonate with those of the WIDE 3 Stage 2 research, finds that parental attitudes to girls' education have recently shifted, allowing many adolescent girls/young women (up to early 20s) to study longer than their elder cohorts (late 20s); this influences perceptions related to marriage, as priority is given to studying and the girls/young women are also better able to protect their rights about marriage. At the same time, independent daughters may now help their parents equally to sons, as non-land based livelihood options become increasingly important due to land shortage; this further reinforces the potential value of education for one's daughter as it may lead to better work opportunities. These three combined changes (in education, in relation to marriage and in the economic roles of young women) are likely to lead to quite different lives.

319) On the **donor side**, DFID has helped establish **Girl Hub Ethiopia** which is currently taking off.

#### Girl Hub Ethiopia

Girl Hub Ethiopia is a strategic collaboration between DFID and the Nike Foundation that seeks to transform the lives of adolescent girls, with girls themselves as active participants.

Girl Hub measures success through tangible changes in the lives of adolescent girls, focusing on areas which evidence shows to be particularly important for the girls themselves, their future children and for wider economic and social development. This includes the numbers of girls avoiding **child marriage**, delaying their **first pregnancy and birth**, accessing and completing **secondary school**, benefiting from **economic opportunities and assets** and **safe from violence**.

320) GHE recently undertook a scoping exercise looking out for partners and areas of focus. Preliminary conclusions were that **for areas such as the fight against HTP, girls' access to education and to reproductive health services**, GHE could seek to **further strengthen existing government-led or –supported initiatives**, for instance strengthening the social communication components. But in relation to **economic empowerment**, while 'young women are on the move' the government efforts through **MSE development** were found to have **major gaps** in women-friendly/focused programming. GHE's ambition to **give 'voice, value and agency' to girls** was thought to be **less easily congruent with the government approach to gender equality** – based more on issuing and enforcing directives.

321) The GHE team also identified '**big issues in girls' future**', namely: the out-of-school girls, too young to marry, migrate or seek employment; international illegal migration; violence against women and girls, with new forms of violence emerging in urban areas where they also are less well 'socially controlled' than in rural areas.

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<sup>17</sup> *Young Women's Economic Daily Lives in Rural Ethiopia*, Yuka Kodama, IDE Discussion Paper No.344, March 2012, Institute of Developing Economies

### 3.5. Policies and programmes in the community management field

#### Community management in the broader governance context

322) On the government side the **broader governance context has been about continuity**, much stressed at a time when the country faced by the passing away of the late Prime Minister Meles.

323) The government stresses its **ongoing efforts against corruption** – which is described as incompatible with its key principles of transparency, focus on development, fairness and social justice and compliance with international obligations<sup>1</sup>. The FEACC has carried out and released a **second corruption perceptions survey** in April 2012<sup>2</sup>.

#### *Highlights from the FEACC Perceptions Survey 2011*

The data, collected in the course of 2011 among households, businesses, civil servants and public officials, and representatives from professional associations, CSOs and NGOs and religious institutions, indicate widespread acknowledgment of government anti-corruption stand but reluctance to reporting instances of corruption on the side of most interviewees. Corruption is ranked seventh among a host of socioeconomic problems faced by citizens, less pressing than inflation and unemployment notably. There is a (slim) majority of people believing that corruption was less in 2011 than five years before.

Petty corruption exists across regions and government levels, performed by lowly-paid civil servants. Fingers were pointed at the judiciary and the police, administrative services at regional, wereda and local level, and land/urban development administrations in particular. Businesses highlighted lack of transparency and room for corruption with regard to custom clearances, taxes, application and interpretation of regulations, and procurement. But only a small proportion of respondents (4%) had actually been subjects to demands.

324) Not only this, but according to the Federal Ethics and Anti-Corruption Commission (FEACC), corruption is a topic about which studies and recommendations by partners are welcome. In early 2013 the government agreed to the **publication of a number of JGAM-financed sector-focused diagnostic studies** carried out in 2010. In the preface to the final report the FEACC stresses that it *'is committed to the follow-up and implementation of recommendations put forward in the same way that it cooperated during the execution of the studies'*<sup>3</sup>.

325) The study concluded that there were **wide variations among sectors**. Corruption was found to be low in basic social services; risks were found higher in the “old” investment sectors studied (construction, land, and mining), not yet at levels seen in other contexts but rising in late 2009 in all three sectors. In the “new” investment sectors investigated, with new flows of funds, less history and fewer stakeholder experience (e.g. telecommunications and pharmaceuticals) the study found **'significant levels of corruption at the most vulnerable parts of the value chain, raising concerns that new levels of corruption could take hold in the Ethiopian context'**. Biases towards members of the ruling political party are a cross-sectoral concern. The study also explains that **perceptions of corruption in Ethiopia may be particularly higher than the actual extent of the phenomenon itself**, because corruption has for a long time not been ‘the way things are’, unlike in a number of other countries. The study includes sector-specific recommendations.

326) In their **official discourse** (e.g. strategy papers etc.), **most donors** hold to the narrative of **low corruption levels** in Ethiopia. However, the **World Bank** in its CPS (more recent than other

<sup>1</sup> See <http://www.feac.gov.et/index.php/commissioners-corner-en>

<sup>2</sup> Found on the FEACC website <http://www.feac.gov.et/>

<sup>3</sup> *Diagnosing corruption in Ethiopia: Perceptions, Realities, and the Way Forward for Key Sectors*, Janelle Plummer editor, World Bank, 2013. The studies each developed sector-specific approaches with common principles: (i) tapping into perceptions and knowledge of all kinds of stakeholders and (ii) validating findings through participatory workshops.

donor strategies) identifies **corruption as a rising risk**: ‘For a number of years Ethiopia has been perceived as having a culture that inhibited corruption, however, there is a risk that perception will be undermined by the challenges from rapid economic growth coupled with significant government intervention in the management of the economy’. A related risk is that the ‘public service **probity** may not be able to keep pace with the broader reform agenda’ - probity understood as both freedom from corruption and the ability to speak truth unto power. The second characteristic is as important as the first, and links up with the next topic discussed here.

327) There is also increased emphasis on ‘**managing for results**’, as a concern shared by government and donors. On the **government side, the new MDG Fund grant to Regions** which GOE introduced in 2011/12 (see box below) is a **performance based grant** whereby disbursements are made after progress assessments of the new projects/investments.

#### The Government MDG Fund<sup>4</sup>

In 2011/12, the Federal Government introduced a new fiscal transfer instrument for the regions which it called Support to the Millennium Development Goals; this was in addition to the Federal Block Grant (FBG) which has been in place since the beginning of the decentralization process in the early 1990s. The stated aim of the MDG Fund is to help regions achieve the MDGs by supporting them in areas where they lag behind. Accordingly, the sectoral allocation of the MDG Fund was decided through a consultative process involving all regions.

The MDG Fund is to be used only for capital projects related to the five pro-poor sectors (i.e. agriculture & rural development, water, rural roads, education, and health). The Fund is managed at the regional level with concerned regional bureaus responsible for implementing the projects/ investments, though woredas are meant to play a crucial role (especially in the monitoring and evaluation process). The allocation of the MDG Fund across the regions is largely based on the formula used to allocate the Federal Block Grant.

In 2011/12 (EFY2003) the MDG Fund stood at 15 billion birr that is, an additional amount of resources for the sectors concerned equivalent to 48% of the FBG. In 2012/13 the MDG Fund is planned to represent an additional flow of resources of more than half the FBG.

328) On the **donor side** this translates in **several programmes piloting new donor modalities** supposed to strengthen the focus on results (e.g. the pilot Result-Based-Aid of DFID in education, the recently approved health P4R of the WB, the Result Enhancement Fund new component in PBS 3, also financed by DFID). At the same time, **existing large multi-donor programmes** like PBS and PSNP **sharpen their focus on results** as well.

329) Donors insistently stress that ‘managing for results’ requires serious **improvements in the quality of the data** used to measure the results. The issue of data quality has been a contentious one since some time, across sectors<sup>5</sup>. Since its second phase the PBS has a full-fledged component seeking to support improvements in the quality of sectoral data. Donors are also supporting system and institutional strengthening plans of the Central Statistical Authority.

330) However, technical issues are only one part of the story. In Ethiopia the resolve of the government to make change happen and make people accountable for it has evolved into a ‘target-driven’ system such that **incentives for reporting ‘good news’ only are strong**<sup>6</sup>. This aspect of the GOE ‘managing for results’ system has been a cause for concern since some time on the donor side (although mitigated by the fact that their own systems need to be able to demonstrate

<sup>4</sup> See PBS Secretariat - *Briefing Book prepared for the PBS Field Mission on Cross-Cutting Issues Tigray National Regional State*, October 8 -12, 2012

<sup>5</sup> In agriculture one of the debates is about the extent to which increases in production are due to increased productivity vs. expansion of cultivated land. In sectors like health, education and safe water provision a recurrent issue is the discrepancy between survey data and administrative data. This seems to have been an increasing concern on the donor side especially for safe water provision. See section 3.3 above.

<sup>6</sup> See for instance, the analysis in Vaughan 2011, as well as in the WIDE 3 ‘go-between’ policy paper (Dom 2011b).

results too). Recently it seems that the government has realized that this tendency is counter-productive as it **hinders learning for further improvement**. As a first step in a reflection on these issues the government is said to have requested the UN agencies to mobilize consultancy support to assess the capacities that would be required at all levels to strengthen government's management for results systems.

331) The government and donors continue to have divergent views in relation to the way **the space for civil society** is shaped by the current legal and policy framework. The WIDE 3 previous policy reviews (Dom 2009 and Dom 2011) talked about the ChSO Proclamation and presented the **contrasted perspectives of GOE, donors and the ChSOs** about it. This has **not changed much**. We found little evidence of a direct impact of the ChSO Proclamation on the trajectories of the WIDE 3 communities, but have been asked to be more attentive to potential effects so that the next section briefly presents what we know about latest developments in this area.

### ***Space for Civil Society***

332) The **Tracking Trends in Ethiopia's Civil Society Sector** (TECS) facility has taken off and produced a **number of reports and briefings for the DAG**, focusing for instance on the potential impact of the '70/30 guideline' whereby CSOs should not spend more than 30% of their budget on administrative costs; the potential for scaling up CSO Income Generation Activities – all the more needed for Ethiopian-registered CSOs which cannot get more than 10% of their funding from external sources; and the potential for Mass-Based Societies to engage in democracy promotion, good governance and human rights activities as they legally can do under the CS Proclamation.

333) The first two reports paint a rather bleak picture of an environment which makes it difficult for many CSOs to continue to operate. The report on the MBS (which focused on teachers' associations, and women and youth associations) notes that there are potential avenues but also sensitivities if MBS, viewed by some government bodies '*as their executive arms*', were to adopt a more prominent challenge function which could compromise their relationship with the authorities and make them lose their legitimacy to engage in democracy-related interventions<sup>7</sup>.

334) At the same time the **government Charities and Societies Agency is sharpening its regulatory role**. The ongoing round of CSO re-registration results in many CSOs closing down or facing difficulties, as has regularly been reported on international internet-based media<sup>8</sup>. The Agency's view is that their attitude is a 'minimal response'; that there are examples of very good work within the limits of the CSO Proclamation but CSOs in general have to become smarter, etc.

335) The multidonor **Civil Society Support Programme** (led by Irish Aid) launched in early 2012 has been developed as a **collaborative venture** with the government. The CSA is said to have shown interest for the approaches that the CSSP are promoting –focusing on the hard-to-reach. This is precisely where the government sees potential value added in ChSO work. On its side the CSSP intends to demonstrate that through collaboration and excelling in their work, they are able to get entry points in government policymaking<sup>9</sup>.

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<sup>7</sup> See TECS Policy Brief 1: CSO Income Generation, TECS Policy Briefing 2: Mass Based Societies in Ethiopia, Prospects and Challenges, and Potential Impact of the Guideline to Determine Charities' and Societies' Operational and Administrative Costs (70/30), all produced in 2012 (bibliography references as DAG TECS)

<sup>8</sup> See among others <http://www.minnpost.com/christian-science-monitor/2013/03/ethiopia-makes-help-difficult-world-donors-advocating-civil-society>, <http://www.polity.org.za/article/sa-statement-by-civics-world-alliance-for-citizen-participation-speaks-out-against-suppression-of-ethiopian-media-and-civil-society-19032013-2013-03-19>, <http://newint.org/sections/agenda/2013/01/01/civil-society-crackdown-in-ethiopia/> and the Amnesty International 'Stifling Human Rights Work' <http://www.amnesty.org/en/library/asset/AFR25/002/2012/en/3b0adc69-f0fd-4b43-9ff8-635073d60f44/afr250022012en.pdf> (March 2012)

<sup>9</sup> Personal communication from CSSP senior team members



The CSSP approach focusing on the hard-to-reach<sup>10</sup>

The CSSP intends to build a credible, critical mass of CSOs that respond to priorities determined by poor women, men, girls and boys, **especially hard-to-reach**; manage finances appropriately; design and deliver innovative projects; demonstrate strong leadership and governance; have effective and **productive dialogue with the state**; have dialogue and action with other CSOs; promote evidence-based learning and; engage with their core constituency.

CSSP Regional Business Units are meant to facilitate CSO-CSO collaboration/learning and CSO-government engagement; **facilitate the emergence of 'people's issues'** which can feed into **wider policy debates upstream**; carry out ongoing political economy analysis of drivers of change; identify and engage with opportunities emerging at regional and sub-regional levels.

The CSSP promotes a '**civil society watershed**' approach. For instance, it supported a small resident charity concerned about girls dropping out of education and supporting some girls in liaison with the Regional Bureau of Education, which carried out research on the causes and found abduction and migration; enlisted other local and wereda actors to work with them (iddirs, school staff, wereda task force); introduced locally a 'different' approach to deal with gender-based violence; and through its work with the women's association, prompted the zonal WA to organise a regional symposium about these issues, to which regional women MPs participated and which decided to 'ethiopianise' and scale-up the approach.

336) On their side, **donors** seem to have adopted a **multifaceted way of engaging with the government in relation to the role of and space for CSOs**. They regularly raise some concern at a broad level – although in a somewhat mute way, reflecting a more general trend in which only a few main issues make it to the surface of the dialogue (see section 4). They continue to **support both the monitoring work of TECS and innovative, collaborative work** like that of the CSSP and the PBS ESAP 2. At the same time they regularly **engage on specific issues** and occasionally get concessions (such as the government commitment of 'protecting' the NGOs working on gender-based violence, following the reiteration of the 'protection' of the NGOs working under ESAP 2).

337) Interestingly, one of the influential voices on this question might come from African peers through the NEPAD African Peer Review Mechanism report on Ethiopia. Based on work which started in 2008 the APRM report, first released in 2011 and finally published in 2013, has much to commend Ethiopia for. It has been and is likely to continue to be widely criticized for the process which led to its publication, a process which one author said resembled to '*a government project carried out by the Ministry of Capacity Building*'. But for all its evasions the report still includes plenty of '*brotherly advice that the government and its stakeholders should take at heart*'<sup>11</sup>. It stresses that while progress with good political governance is undeniable it is equally true that '*there is a tremendous deficit in political engagement by key actors*' (APRM: Ethiopia 2013). Elsewhere the report calls for encouraging a '*robust civil society*'.

### **Donor governance programming**

338) The **two main donor-financed governance strengthening support programmes**, the Public Sector Capacity-building Programme (PSCAP) on the technocratic governance side and the Democratic Institutions Programme (DIP) on the political governance side, **reached the end** of their implementation period. The question arising now is "what next". Reviews and discussions are under way though still at the first stage of assessing what the government's perspectives for the future are. The relevant parts of the PSCAP review are presented below. The DIP was not designed to have much impact at local level (thus overlooking the potential of local and wereda Councils as democratic institutions) and is not reviewed here.

<sup>10</sup> This is based on a presentation made by the CSSP team to one of their funding agencies in March 2013.

<sup>11</sup> See <http://addisstandard.com/aprm-ethiopia-review-a-call-too-close-to-disregard/>

339) Other donor-supported initiatives include **various PBS- supported initiatives**: Financial Transparency and Accountability, Social Accountability, donor support to PFM system strengthening, and a new sub-component, focusing on the development and implementation of a Grievance Redress Mechanism. This is reviewed below.

## Decentralization

### *Decentralisation as a political undertaking*

340) In the previous policy review update (Dom 2011) we suggested that in the past few years a **form of ambiguity had developed on government's side with regard to decentralization**.

Vaughan (2011) helps understand this in highlighting that **wereda-based decentralization** is inseparable from two other key facets of the ideological vision held by the Ethiopian political elite, that is: **multi-national or ethnic federalism** and the necessity of a strong **developmental state**<sup>12</sup>.

341) As Vaughan explains, the first decade of the post-1991 state focused on strengthening nationally-based units. Wereda-based decentralization then focused on demographically-defined units with no ethnic salience. Together, these two strategies reflect an attempt at balancing demands for nationally-based devolution with the imperative of achieving equitable socio-economic transformation, for which a strong state is deemed indispensable. In addition Vaughan points out the under-resourcing of wereda service delivery, which limits local discretion and the incentives around accountability (also see Dom 2011); and the under-developed understanding of the relative roles, capacity and incentives of local political and bureaucratic actors.

342) The World Bank-financed Economic and Sector Work (ESW) on decentralization ensuing from Vaughan's analysis focused on four main research questions: wereda resource flows and revenue generation capacity, role of wereda and kebele councils, motivations and capacities of local civil servants and citizen engagement with service delivery. The report is not yet available at the time of writing this update. It is also not clear what the WB plans are with respect to engaging with GOE at senior level on the basis of the report.

343) The **government's official position with regard to the progress made with decentralization is quite upbeat**, judged by the review of the PSCAP District Level Decentralisation Programme (DLDP)<sup>13</sup>. The DLDP was implemented between 2004/5 and 2012. Much emphasis was given to regional lead in implementation, which is said to have created a sense of regional ownership of the programme. DLDP had eight capacity-building sub-components by design; **post-2005** an additional significant focus was put on implementing the **Good Governance Package**. Progress in each component by end 2012 is summarised in the box below.

#### *Progress in the implementation of PSCAP District Level Decentralisation Programme*

**Institutional and organisational development** – Prototype LG policy and legal frameworks were developed; enacted in three Regions (Tigray, Somali and Harar), awaiting approval by the regional Council in the others (in Amhara since 2006/7). Wereda restructuring was carried out both geographically (weredas split to bring services closer to people); and functionally in terms of sector offices and staffing requirements.

**Manning and training** – Short-term training programmes delivered mainly at kebele level for all segments of the society on topics such as good governance, participation, youth and women packages, inspection and supervision, gender mainstreaming etc. reached about 7.75 million people. Long-term training reached 9,847 civil servants (though some Regions' efforts are not included in this figure as they financed this out of their own resources).

<sup>12</sup> *Decentralisation in Ethiopia: Literature Review, Conceptual Framework, Research Issues*. Sarah Vaughan for the World Bank Ethiopia Country Office, October 2011

<sup>13</sup> *Review of implementation of the District Level Decentralisation Programme (2005-2012) – Public Sector Capacity Building, report submitted to WB Country Office, Ethiopia*, Tegegne Gebre-Egziabher and Worku Yewhlashet, Nov 2012.



**Fiscal decentralisation** – Prototype formula was developed. Regions still use different parameters and variables but formulae have evolved in most Regions. Wereda own resources have remained miniscule in most cases.

**Local planning and financial control** – Planning manuals and guides were developed. Planning at kebele level is participatory. (Note that the GGP review is less optimistic in this regard).

**Minimum services standards** – A federal prototype was prepared; only in Oromia has it been taken forward with local MSS prepared, published and disseminated to all weredas. Even so, implementation is lagging. There seems to be confusion with regional governments thinking that BPR, the Balanced Score Card system and citizens' charters replace MSS.

344) The DLDP review makes a number of major recommendations, some of which aim to finalise processes under way such as the enactment of legal decentralisation frameworks in the Regions which have not done so. It also tables new ideas, such as the establishment of a LG Ministry and the **devolution of power, authority and resources to the kebele**. It is not clear how and where these might be considered 'in their own right' in the wide-ranging PSCAP review process.

345) The government presents the **Good Governance Package**, developed after the 2005 election and rolled out since 2006/7, as the indispensable vehicle ensuring that decentralisation is aligned with internationally-recognised good governance principles. As such **the GGP has become part and parcel of the government political perspective on decentralisation**. In 2012 the government carried out a **review of its implementation**<sup>14</sup>. Like for the design and rollout of the GGP this review was a government-led initiative. The box below briefly presents the methodology.

Methodology for the Good Governance Package review

The review was conducted in all Regions, selecting two high-performing and two low-performing rural and urban jurisdictions in each. Primary data include interviews to elicit views of key informants (regional elected officials and experts/civil servants, members of *woreda* and *kebele* councils and cabinets, members of the different committees) and focus groups (*kebele* residents, representatives and members of youth, women's and farmers' associations, saving and credit groups, and CBOs). Different sets of pre-prepared interview guides/checklists served as instruments of inquiry and data collection. Secondary sources were GGP documents and manuals and activity and relevant statistical reports found at regional, local and grassroots administrations.

346) While highlighting **a number of achievements** (e.g. widespread awareness of the importance of voluntary participation, effective use and usefulness of model selection and creation in some jurisdictions, well-functioning kebele inspection committees and improvements in responsiveness of service delivery through e.g. customer cards, in better-performing weredas) the report candidly **acknowledges weaknesses** in a number of key points of the GGP. Much of this is said to be due to workload and lack of incentives for civil servants, and the absence of designated GGP focal points.

347) First, the picture is **mixed with regard to genuine and effective participation** (representation of CSOs limited to youth, women and farmers' association; wide variations across jurisdictions; non-participatory planning and monitoring processes in some jurisdictions; agendas of meetings and discussions set by civil servants, not the people; limited citizens' participation in policy formulation or in holding government bodies or personnel to account). The review concludes that '*genuine bottom-up popular participation is not the norm*' and that while it is '*easy to identify how upward accountability is working*', it is '*difficult to track downward accountability in practice*'. '*Putting pressure and legitimate claims... is outside the realm of normal practice for most citizens*'. Poor sections of the society are even less involved. Moreover, there are '*few*

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<sup>14</sup> Review of the State of Implementation of the Good Governance Package (GGP) With Emphasis on Participation, Report prepared for the World Bank Ethiopia Office and the Ministry of Civil Service, Tegegne Gebre-Egziabher et al, April 2012

*safeguard mechanisms encouraging the support of views that are contrary to the prevailing political and governmental doctrine, although there is no specific pressure brought to bear’.*

348) The review also highlights the **limited effectiveness of the financial transparency and accountability measures**, because there is no adequately established mechanism to disseminate the information and ensure people’s access to it and insufficient activity of training/awareness-raising to enhance understanding.

349) The review identifies **progress in strengthening the kebele administration**. For instance, the picture is quite positive with regard to the role of the kebele manager, including as a way of airing grievances. Committees to follow up service delivery and the system of wereda Cabinet members following specific kebeles were found to be working relatively well. **But the lack of incentives for rural kebele council and cabinet members** was found to act as a **serious constraint**: there is no compensation for the time spent in managing public affairs and in addition, no kebele budget to cover the running costs of the kebele structures. This resonates with findings in the WIDE 3 Stage 2 concerning those local officials whom we call ‘government volunteers’.

350) The GGP review advocates for **more resources and capacity to be built especially at the kebele level** - including all actors that is, kebele managers and elected officials, social court, inspection committees, Cabinet and Council members. There is a strong insistence on the need for capacity development for Councils and Cabinets especially at kebele level.

### ***Decentralisation and service delivery<sup>15</sup>***

351) Decentralization has continued to feature as an important item in the GOE-donor dialogue about service delivery in the context of the Protecting/Promoting Basic Services programme.

352) For some time now, PBS donors have expressed **concerns about the actual extent of decision-making** at wereda and local levels. In recent documentation they highlight for instance that up to 85% of the unearmarked resources transferred to weredas are in reality pre-allocated to salary obligations aligned with federally-decided sector policies foreseeing extensive local staffing; most weredas have little means to raise own revenues to complement these unearmarked transfers; most infrastructure investment decisions are made at the federal and regional level. This includes the MDG Fund which as shown in the graph below, is planned to channel very significant resources for the development of both regional and wereda infrastructure – while the extent of involvement of weredas in determining priorities for the use of the MDG Fund is not clear but unlikely to be high<sup>16</sup>.

353) Donors took some comfort in the fact that the government had agreed to provide a ‘*Policy Letter on Decentralisation and Sustainability outlining its long term strategy to continue to build wereda capacity*’ (PBS 3 PAD, 2012) in the course of the PBS 3 preparation. This eventually took the (somewhat lesser) form of a section on decentralization in the Letter of Policy sent by the government to the African Development Bank for the approval of the AfDB next PBS funding operation. This section, fairly brief, highlights as signs of government commitment to decentralization both the very substantial increase in the FBG in the past five to six years and the establishment of the MDG Fund. The **government** also states that it is **aware of the importance of expanding fiscal space at wereda level** to enable them to **increase discretionary spending**, and

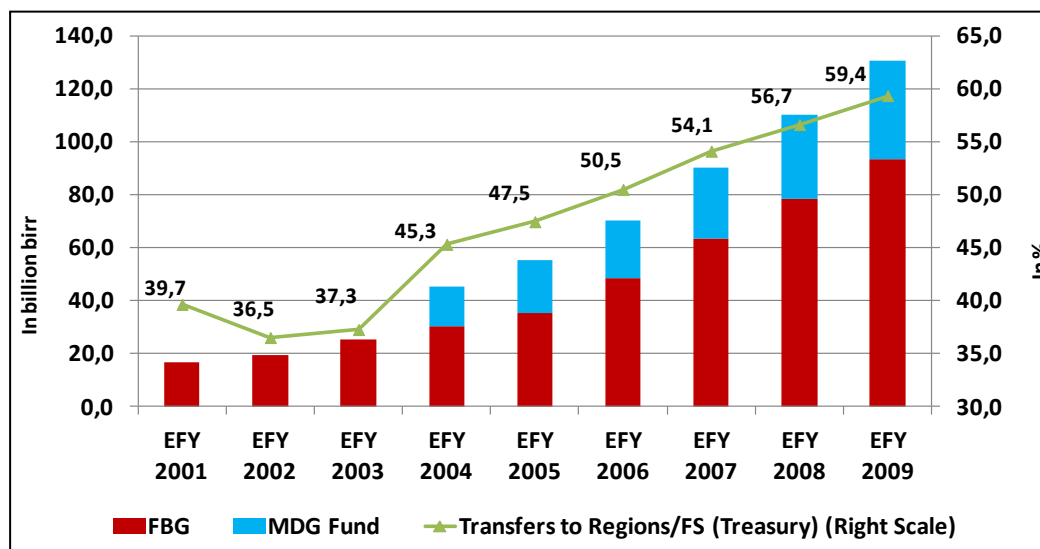
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<sup>15</sup> This and the following paragraphs and section draw on the PBS 3 Project Appraisal Document of the World Bank and the Nov 2012 Joint Review and Implementation Support (JRIS) mission aide-memoire, except if specified otherwise.

<sup>16</sup> The PBS Secretariat indicates that weredas are supposed to play a key role especially in monitoring and evaluation (see PBS Secretariat - *Briefing Book prepared for the PBS Field Mission on Cross-Cutting Issues Tigray National Regional State*, Oct 2012).

indicates that it will ‘deepen efforts to build the capacity of weredas to manage budgets effectively in response to locally driven priorities with greater flexibility in resource allocation.’<sup>17</sup>

*Projections of government transfers to subnational levels until 2016/17<sup>18</sup>*



354) Donors commend the **continuous efforts** of both the federal and regional governments to seek to maintain **equity/fairness in the allocation of resources to sub-national governments**, as illustrated by successive evolutions in the block grant allocation formulae. In the context of the PBS fairness test donors are regularly informed about the formulae. For instance they recently met with the House of Federation to be explained the recently adopted formula for the Federal Block Grant. There is also progress in information on regional formulae for the wereda transfers, although it is not yet available on a systematic basis<sup>19</sup>.

355) At the discourse level there is also **more attention to the frontline service delivery providers** – those that we called ‘government go-betweens’ in our research Stage 1. This is reflecting a broader concern about ‘*human resource management challenges across the civil service evidenced by significant vacancies, high staff turnover, and movement across the civil service*’ with particular challenges in some professions ‘*and at decentralized level, especially in remote weredas*’ (WB CPS 2012). The World Bank further stresses that the phenomenon ‘*poses significant risks to the quality of service delivery.*’ In particular, it is recognized that to make the most of the deployment of hundreds of thousands of government staff at the community level greater attention should be paid to their living and working conditions, incentive structures and career development perspectives. However, **policy development in this regard is slow**.

356) **PBS 3 shows both continuities and changes from PBS 2**. Some components have disappeared (the Local Investment Grant and the health component<sup>20</sup>). Others have appeared (a Result Enhancement Fund; a subcomponent to develop and implement a Grievance Redress Mechanism – see below). Financially PBS 3 continues to be a **very significant injection of**

<sup>17</sup> Letter of Development Policy for a Loan to the Promotion of Basic Services Programme (PBS) Phase 3 to Dr D Kaberuka, President, African Development Bank

<sup>18</sup> Presentation made at the May 2012 PBS JRIS mission, in relation to the additionality test.

<sup>19</sup> The House of Federation issued a new formula for the FBG, which was adopted for 5 years starting in EFY2005. There are regularly presentations on regional formulae for block grants to the wereda at the JRIS, on a rotating basis.

<sup>20</sup> Donors who contributed to the PBS 1 and 2 health component generally continue to finance health through other modalities. For instance the WB has developed a separate Programme-For-Results (P4R) health programme (as a pilot for this new WB modality) which contributes to the health MDG Fund. As for the LIG and more generally the issue of financing capital investment at wereda level, donors stated that there needed to be more clarity about the respective roles and responsibilities in the management of the new government Purpose-Specific Grant MDG Fund.

**additional funding for subnational governments.** The estimate total donor funding secured for the block grant support component for the five-year 2012/3-2016/7 period is US\$1.48 billion. In the same period the government plans for an envelope of regional block grant equal to US\$3.17 billion. There is a financing gap of US\$1.48 billion, concentrated in the latter three years of the period, for which GOE intends to mobilize both additional donor funding and own resources.

357) The **‘financial sustainability of the PBS’** (meaning, of the government policies that PBS is supporting) has arisen as an important topic in the course of the PBS 3 preparations. Donors are concerned that heavy reliance on external (PBS) funding to finance high spending on recurrent costs in social services is a serious vulnerability. In the past two years PBS has started to decrease as a proportion of government spending and domestic revenue are on the rise. But there are **many competing priorities** of which financing basic service recurrent costs is only one.

Government and donors have agreed that under PBS 3 more work would be done on (i) options to further raise domestic resource mobilization at all levels and (ii) costing of the basic services – to feed into the design of *‘policies that will increase the fiscal space and make the government vision possible’* (of self-financing the whole of the basic service delivery in the long run) (PBS 3 PAD).

358) The range of principles to which GOE commits and compliance is regularly verified before donors’ release of the block grant support funds has expanded, as shown in the box below. The evolution seems to reflect a **perceived need for greater accuracy in spelling out what is expected from the government**, and recently arising broader concerns such as on the **‘probity’** of the Ethiopian civil service mentioned above.

#### PBS 2 and PBS 3 Principles

PBS 2 principles	PBS 3 principles	Content of the ‘test’
Effectiveness	Effectiveness	Inter and intra-sectoral resource allocations, sectoral results achieved. Action plan on enhanced effectiveness (concerned with e.g. improving sector data quality) reviewed and updated.
Sustainability in Additionality	Sustainability	Studies on resource mobilization and basic service costs, providing basis for successive JRIS monitoring.
	Additionality	Verifies government commitment to increase overall financing of the federal block grant over the medium term (MEFF).
Accountability and Fairness	Fairness	Verifies that block grant resources are allocated through rule-based and transparent systems and disbursements to weredas are made as planned.
Fiduciary Standards	Equity	Tracks and assesses discrepancies in access to basic services across regions, weredas and gender, to identify interventions to address these as required.
	Transparency	Information provision to stakeholders (see accountability below).
	Fiduciary Probity	Verifies the strength of the regional and wereda PFM system.
Predictability	Predictability	Mutual accountability (donor predictably commits resources and GOE transparently shows them in the annual budgets).

### **Accountability**

359) In the **PBS dialogue on accountability** both the government and DPs have acknowledged the difficulties that they face together. In his statement concluding the JRIS of November 2012 the State Minister of MOFED is said to have stressed that

*‘...the implementation and operating environment for PBS 3 is remarkably different than was the case under the first two phases... With Ethiopia and the PBS program now under intense international scrutiny, all parties must work together to ensure strengthen the quality of the programme’s implementation... (Thus) while Component A (support to the block grant) is important, Component B is of greater importance as the PBS programme cannot succeed without its effective implementation. All elements of Component B (including FTA, Social Accountability, the new Grievance Redress Mechanism, and woreda-level safeguards-*

***strengthening) are fully-aligned with the Government's policy and intentions*** which include improved governance as a principal priority. Engaging with communities to ensure greater accountability, and working with civil society, is of critical importance... (emphasis added)

360) **Financial Transparency and Accountability (FTA)** – Furthering FTA is thus embedded in MOFED tasks at federal and regional level. The Nov 2012 JRIS recorded that since PBS 2 started around 170,000 citizens and community leaders had received budget literacy training; budgets and expenditures were posted in 92% weredas and 45% service facilities used the intended information disclosure templates. Mass media were the main information mechanisms but a broad range of other methods were used too and several good practices had emerged.

361) Building on earlier progress, in 2013 the government intends to, for instance, simplify existing templates for disclosure of budget and expenditures and service delivery; develop new templates for disclosure of audit and procurement activities; continue to train wereda citizens to raise awareness and understanding of public budgeting and planning process (100 participants in 316 weredas); and finance the continued disclosure of information in all weredas<sup>21</sup>. **One of the main challenges in furthering FTA activities is, like for many government activities, 'staff turnover'.**

362) **Mainstream PFM strengthening** – The government has also plans to further strengthen PFM systems at the wereda level. The focus for 2013 includes: awareness-raising of PFM activities for wereda Council and Cabinet members; strengthening wereda level internal audit and procurement systems and capacities (e.g. supporting the establishment of audit committees in 400 weredas); further progress in the rollout and consolidation of the computerized financial management system of the government at all levels (IBEX). Regional governments are also supported in their role of strengthening wereda PFM systems.

363) Donors have a range of concerns related to PFM strengthening. As in many discussions the issues of staff turnover and retention of qualified staff (e.g. accountants and procurement officers) regularly arise. An overarching concern, which has been 'on the table' since several years, is to discuss how the PBS-related PFM strengthening action plan of MOFED could '*evolve into a comprehensive PFM reform strategy*' (Nov 2012 PBS JRIS aide-memoire).

364) The development of a **Grievance Redress Mechanism** has **roots back in allegations of 'politicization of aid' in 2009** (focusing among others on PBS and PSNP) that led the DAG to carry out a study on '*Aid Management and Utilisation in Ethiopia*' in response to these allegations in 2010. The study '*found that all four programmes have accountability systems in place that provide checks on distortion, including distortion for political gain, but all four programmes should be further strengthened*'<sup>22</sup>. Following discussions of the implications for the PBS programme and more specific allegations about PBS the government agreed that a study be conducted on the design of a grievance redress mechanism. In turn the study recommended the adoption of improved grievance redress procedures and that this should be supported '*as a permanent part of the new (PBS3) process with its own policy dialogue*'<sup>23</sup>.

365) This new component of PBS 3 takes this second study forward with a view to further strengthen PBS accountability mechanisms and '*broaden the space available for citizen engagement, specifically by promoting improved local transparency and accountability mechanisms*'. The box below gives some more information on the intended GMR as of todate.

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<sup>21</sup> Draft work plan for PBS 3 Component B – Strengthening Transparency and Accountability System, MOFED, Feb 2013

<sup>22</sup> See DAG website [http://www.dagethiopia.org/index.php?option=com\\_content&view=article&id=119:aid-management-and-utilisation-in-ethiopiaa-study-in-response-to-allegations-of-distortion-in-donor-supported-development-programmes&catid=77:dag-news&Itemid=7](http://www.dagethiopia.org/index.php?option=com_content&view=article&id=119:aid-management-and-utilisation-in-ethiopiaa-study-in-response-to-allegations-of-distortion-in-donor-supported-development-programmes&catid=77:dag-news&Itemid=7)

<sup>23</sup> Lister et al, June 2012, ECORYS - *Ethiopia: Multi-Annual Review of PBS Programme*, for the European Union

#### Grievance Redress Mechanism (GRM)<sup>24</sup>

The GRM design study found that GRMs existed in several of Ethiopia's regions. These are **"home-grown" regional mechanisms** established during the past decade to improve governance, including the Government's BPR initiative which provided the impetus and format for such mechanisms in a number of regional states. However, the mechanisms were set up differently and developed with **significant variations** in terms of legal underpinnings, responsible government body, accountability, procedures, and finality and enforcement of the decisions. The study **recommended that PBS 3 helps to strengthen** the existing GRM offices at the regional level and contribute to information and public awareness of the services they provide. These GRMs would be **for PBS and non-PBS grievances**. The grievance offices were recommended to be independent of the executive, have cabinet status and **report to the regional council in order to minimize politicization of the process**.

The support envisaged under PBS 3 includes: (i) technical assistance to develop common standard grievance redress procedures and handling by regional GRM offices; (ii) capacity development and training for grievance officers; and (iii) a programme for information and public education of citizens on the opportunities and procedures for grievance handling.

366) **Social Accountability** – Following the evaluation of the PBS pilot social accountability programme, a second programme was launched (Ethiopia Social Accountability Programme/ESAP 2), straddling across PBS 2 now closed and the just starting PBS 3. *'The overall objective of the ESAP2 is to **strengthen the capacities of citizen groups and government to work together in order to enhance the quality of basic public services delivered to citizens. The Programme seeks to give voice to the needs and concerns of all citizens on the delivery and quality of basic public services in the areas of education, health, water and sanitation, agriculture and rural roads**'.*

367) Like its predecessor the programme has 3 components: (i) The Grant Scheme is a funding opportunity for CSOs to implement social accountability initiatives at the local level; (ii) Capacity Building to strengthen the capacity of grantees and wereda administrators to implement social accountability tools and mechanisms; and (iii) Monitoring and Evaluation. The programme intends to reach nationwide coverage. Presently there are 134 projects active throughout the country, using various tools such as citizens' report cards, community score cards and participatory budgeting. ESAP2 intends to scale-up coverage to more than 170 weredas, expand the range of social accountability tools and the number and range of stakeholders. The **long term objective** of the programme is to **strengthen appreciation of social accountability** and **institutionalize** social accountability in **local governments' and communities'** way of doing business.

368) It is noteworthy that **separately from ESAP 2** the **government** has plans to integrate the **use of citizens' report cards together with citizens' charters** as next steps (following the Business Process Re-engineering and Balance Score Card) in the ongoing civil service reform. In early March federal blueprints were being finalised to this effect (creating the confusion with minimum services standards that the DLDP review highlighted, see above).

369) In a separate development, the PSNP/HABP mid-term review, noting the lack of progress with strengthening the PSNP-specific social accountability measures such as the kebele appeal committees, has also decided to establish linkages between PSNP and PBS to **facilitate the launch of a PSNP SA Programme as an additional component of the PBS SA Programme**.

370) More fundamentally, it is said that at most senior levels in the government/party structures there is an ongoing discussion about the **need of developing forms of 'accountability from within' and creating 'a demanding society'** that is, systems that can replace the type of accountability brought about by opposition's external scrutiny<sup>25</sup>. Indeed while the PM Meles has

<sup>24</sup> Adapted from PBS 2 review report (PBS Lister et al 2012) and the PBS 3 Project Appraisal Document (WB, April 2012)

<sup>25</sup> Personal communication from a political scientist very familiar with Ethiopia and the EPRDF

always officially rejected the description of Ethiopia as a single-party state, he readily admitted that it was a '*dominant party state*' like Japan had been for more than half a century<sup>26</sup>. This was no bad thing as such a state allows more easily reaching the '*hegemony of developmental discourse*' that Meles saw as indispensable for Ethiopia's transformation. However in such a context, 'accountability from within' is needed to ensure that this hegemony comes as '*an internalized set of assumptions, not an imposed order*'. This aspiration of a non-imposed hegemony was also part of Meles's developmental state model<sup>27</sup>.

371) On their side, ICG and the likes are unlikely to be convinced that such system, lacking '*any meaningful domestic political opposition*' would be able to '*address fundamental grievances*'... (ICG 2012). It remains to be seen how donors might position themselves in this respect, not least in relation to orientating their next cycle of governance programming.

## Community level Justice and Security

372) It is beyond the scope of this paper to review the whole array of policies and government priorities in relation to security and justice provision in Ethiopia. Many would be relevant one way or another to people living in rural communities. However in this section, we limit ourselves to reviewing policies, priorities and programmes (including donor-financed) **focused on justice and security provision activities taking place at the community level**.

### The key actors

373) **Justice and security provision is decentralized in Ethiopia**<sup>28</sup>. In all fields for which the Regional State Councils are given legislative powers, regional laws are constitutionally required – though they have to be aligned with the relevant Federal legal frameworks (like in the cases of the regional family laws and land laws). In line with the 1995 Constitution Regional States have their own judiciary branches, prosecution, police and prison administration. These are not accountable to their federal level counterpart but links exist in both ways (federal level technical assistance, development of standards etc., reliance on regional bodies for federal work in some cases).

**Regions have deconcentrated structures at wereda level** (courts, prosecution, police and prison administration). For instance, the wereda courts act as first instance courts; zonal courts as high courts; at regional level is the State Supreme Court.

374) Most Regions have established '**social courts**' **at the kebele level**. These are not mentioned in the Constitution. For some authors they are not part of the formal security and justice sector<sup>29</sup>. Others state that they are '*created and recognized under state law, are part of the official judicial system, and operate at the kebele level*', with some laws stipulating that the relevant cases must be brought first to the social courts although appeals can be made to the First Instance (Wereda) Courts<sup>30</sup>. In 2005 the Ministry of Capacity Building explained that in some parts of the country, social courts have '*a historic origin*'; elsewhere they were brought into existence by a decision of the Regional State. In Tigray the Regional Constitution states that social courts are to be established by law and they are '*part of the judiciary*'.

375) Federal and Regional legislatures are authorized to '*legally recognize the jurisdiction of religious and customary courts to settle personal and family disputes between individuals where the parties so consent*'. **Sharia courts have been legally established** at the Federal level and in all Regional States except in Gambella and Addis Ababa City. They have jurisdiction over marriage,

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<sup>26</sup> See Meles's interview for the Voice of America <https://sites.google.com/a/ethiopian-this-week.com/news/78-22>

<sup>27</sup> See *The Theory and Practice of Meles Zenawi*, Alex De Waal 2012

<sup>28</sup> Except specifically mentioned, this section draws extensively on '*Baseline Study Report – Comprehensive Justice Reform Programme*', Ministry of Capacity Building, Justice System Reform Programme Office, Feb 2005

<sup>29</sup> *Security and Justice Provision in Ethiopia – Sector Assessment*, Owen Green and Emebet Kebede, May 2012, for DFID

<sup>30</sup> *Legal and Judicial Sector Assessment*, World Bank, 2004

divorce, maintenance, guardianship of minors and family relationships (for marriages concluded under Islamic law or if parties have consented to have the matter adjudicated in accordance with Islamic law); any question regarding successions or wills or gifts among Muslims; any question regarding payment of costs incurred in any suit relating to these matters.

376) In contrast, it is **not clear** that there is any law formally recognising **Customary Courts**. *'The authority of these courts stems from tradition and local customs. (They) have evolved from traditional arbitration committees or elder councils, which do not have legal authority, but carry moral force and still operate widely as primary decision-makers in rural areas throughout Ethiopia'* (World Bank 2004). This World Bank study mentioned customary courts legally established in the Wolayta zone. The 2005 MCB baseline study mentions Customary Courts in the Somali State. But in a recent sector assessment carried out for DFID the team reckons that a law for the official recognition of customary courts has yet to be issued (Green & Kebede 2012).

377) Generally all studies converge to recognize that **social courts and customary dispute resolution mechanisms are the most accessible forms of justice** for most people in rural areas in Ethiopia. They also stress the huge variations in customary mechanisms across the country.

378) **The police are similarly decentralised**. Like the 'hybrid' social courts, the police are **paralleled by the ubiquitous local militia**. The 2005 MCB study described them at the same time as a very unusual phenomenon, an informal system and a form of community policing. Vastly outnumbering police staff, militia carried weapons without a legal basis for this. Legally speaking they did not belong to the police structure and had no obligation to report to them. Some States had issued legislation governing the militia but not all, so that the **legal basis** for this 'huge organisation' was said to be **unclear**.

379) In 2005 the MCB explored three options with regard to 'what to do with the militia': 1. Continue with the status quo, which was presented as undesirable (lack of control, training etc. preventing the militia from advancing rule of law in the country); 2. Disband the militia, which was said to be not desirable or practically possible in the short term; 3. **Transforming the militia** which was presented as promising. Militia should be provided with **proper training, supervision and regulation**. The MCB also called for **legislation** to clearly set out role, responsibilities and limits on the authority of the militia. It recommended that militia should have a **formalised relationship with police** giving the latter formal power to supervise militia activities; they should not bear weapons, and *'should be less military in its orientation and more of a neighbourhood watch'*.

380) Unfortunately the 2012 assessment does not make the link with the 2005 study. The team explains that *'The precise purposes, terms and conditions, and roles of the militias are a decision for the regional government'*, and militia are under the Security and Administration offices. *Such local militias are typically based within their own communities, where they are expected to provide policing services, and are typically amongst the first responders to an incident or crime and first to be called upon to make arrests (before handing suspects on to the police). In many areas, local militias are also routinely deployed in response to local violent conflicts...*

381) In the context above for community security and justice, one recurrent question is that of **the articulation between formal and informal systems**. There is no conclusive evidence on communities' perceptions about their respective roles and strengths (Green & Kebede 2012). On the one hand, formal justice and police bodies appear to attract low levels of trust by citizens (see e.g. the FEACC and the wereda/city benchmark surveys); the quality of services provided by the formal system is not always significantly higher than those provided by the militia or customary institutions. On the other hand, choice is appreciated, especially in relation to women's cases. Green & Kebede also explain that in any instance, at community level the **distinction between formal and informal is often blurred** as local militia and social and religious courts, considered as formal structures, are mainly populated by 'local volunteers' who most often are elders, religious leaders and important community representatives also serving on the informal structures.



### **Brief history of community relevant justice and security reforms**

382) The 2005 PSCAP baseline study highlighted that, confronted to the huge expansion of justice and security services mandated by the 1995 Constitution the sector was struggling to fulfil what was expected. Green & Kebede (2012) depict the security and justice sector as plagued by many challenges but recognize the **commitment to reform of the government**, and that much has been achieved<sup>31</sup>. One of the major obstacles has been **lack of resources** in the face of vast needs. DFID explain that: *‘... many of the principles of the reform represent global best-practice... Perhaps the greatest problem ... has been in making these reforms meaningful in a context where resources are very scarce’*, which led to criticism that there were few measurable results thus far (DFID business case for the Community Security and Justice programme 2012).

383) Reforms of the judiciary started earlier than in the other subsectors, mainly through bilateral Canadian and French projects. The Justice System Reform component of PSCAP took the relay from 2005 onward<sup>32</sup> and expanded the reforms to also cover prosecution and prison. The police could not be supported in the same way as this was outside of the mandate authorized to the World Bank, one of the main PSCAP financiers.

384) In relation to **community security and justice reforms**, Green & Kebede (2012) explain that

*The EPRDF-led government has ... moved beyond its previous focus on state and regime security... Since around 2005, and intensifying over the last three years, the GoE has, for a variety of reasons, become increasingly convinced of the need to develop policies and programmes to promote community security and justice, in relation to not only crime and violence but also community-level conflicts and peace-building.*

385) Recent community security and justice reforms include the establishment by the Ministry of Federal Affairs of a **new official ‘architecture’ for local conflict reduction and sustainable peaceful development, to address local level conflicts**. The principle is that conflicts should be addressed at the lowest local level possible, which requires local political authorities to act ‘for the greater good of all’ and not *‘as sectarian representatives of their own ethnic or social group’*. MOFA is said to have heavily invested in sensitizing local politicians to this effect. The new policy also promotes inclusive consultation processes involving a wide range of local stakeholders (elders, religious leaders, women and youth groups). The policy seems to have been rolled out selectively, focusing first on clusters of weredas where instances of often resource-related conflicts were highest. However, in addition MOFA promoted the establishment of **local peace committees** across the country, and ‘peace clubs’ in schools and universities.

386) The court reform programme has thus far not paid much attention to the **use of Alternate Dispute Resolution mechanisms**, in spite of their widespread existence and their continued perceived relevance. However recently, the idea of using ADR better is said to have gained traction. *‘A national debate has started on the role of customary dispute resolution mechanisms in the administration of justice and the importance of examining key areas where the two systems can link and support each other’* (Green & Kebede 2012). Expanding the use of ADR mechanisms is one of the **specific sector reform initiatives mentioned in the GTP**. The criminal justice administration policy recently adopted gave them recognition and the Ministry of Justice is reportedly in the process of developing a legal instrument on ADR.

387) Another relatively recent reform is the **introduction of community policing**. This is mentioned as a recommendation for consideration in the 2005 PSCAP baseline study. It was

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<sup>31</sup> E.g. significant reductions in maximum case disposition period; better access to courts through IT (video links) and mobile courts; joint investigation work by prosecution and police under the lead of the prosecution (a result of a joint BPR process looking across the whole of the criminal justice system at once).

<sup>32</sup> Among other activities PSCAP permitted the national rollout of some successful reform activities initiated with the Canadian support such as the introduction of a case management system and introduction of client service counters.

introduced in 2006 as part of police reform. The Federal Police presents this as a '*changed approach overall to policing*', calling on communities to take ownership of its own policing. The four large Regions have developed community policing strategies since 2006 and other Regions have followed suite. The precise content of the strategies differ in different Regions, although generally the Regions have focused on a somewhat narrower interpretation of the reform, prioritizing the **placement of one community police officer in each kebele**. The extent to which this has been achieved varies across Regions. Amhara is said to be a pace-setter in this respect.

*The community policing initiative*<sup>33</sup>

Community police officers undertake crime prevention activities in close collaboration with key community representatives (militia, kebele administration, traditional leaders, youth and women associations etc.). These representatives make up the community policing committee which manages the activities of the community police officer and provides assistance as needed. The officer is responsible for conducting awareness-raising on crime issues, consulting to identify key crime concerns and developing a community-agreed prevention plan, and compiling crime data at kebele level. Community police officers handle minor crimes through community based mediation, report serious crimes to the woreda police for investigation, detain criminals and secure crime scenes with the militia until the wereda police arrives.

Community police officers are new recruits who undertake a one year policing training and are as such 'intermediate' between full police officers and local militias. E.g. in Amhara, they are Gr10+ individuals with good reputation and commitment to serve, undertaking 8 months of policing theory training, 4 months of practical training and a 1-week course on community policing. The training is open to both male and female applicants. However, there are challenges for women including that as all community leaders are male it is unlikely that women will receive the same acceptance and respect accorded to male officers.

388) The **limited evidence** there is on the **effectiveness** of the measure is **mixed**. Knowledge of the measure is limited; officials in Amhara claim that crime rates have gone down e.g. in relation to early marriages; women have indicated that they feel safer in moving around the community especially at night (WCBS 2010). In principle, wereda-based regional police and prosecutors are expected to visit kebele and local communities more regularly in response to incidents and for consultation. In most Regions the implementation of this principle seems to be fairly patchy.

389) One **question** arises about the **roles of and interaction between community police and militia**. Green & Kebede found that '*all regional authorities continue to regard volunteer militia as an essential element of their local policing capacities*'. The community police had been introduced '*to enhance overall policing provision at wereda level, not to seek to replace the roles of the much more numerous local militias*', said to '*focus more on maintaining peace and security rather than on regular policing*'. They conclude that especially in areas where **community-wide violent conflicts** are frequent and addressing this is as important as **traditional crime prevention**, deeper discussions are needed about **relative roles of militia and community police**.

390) On the **donor side** there are **few community-focused support initiatives**. In consultation with government (National Security Advisor's Office, Ministry of Federal Affairs and Ministry of Justice) DFID has recently developed a **Community Security and Justice (CSJ) programme** that will focus on improving the capacity and accountability of and inter-relationships between all types of wereda and local level security and justice providers; and on strengthening communities' ability to identify and respond to security and justice problems. The aim is to improve access to security and justice services for ordinary people and especially women and girls. The programme will seek to increase the capacity of the federal and regional level to support communities and local service providers. The local components will be implemented in two zones of Oromia, SNNPR and Gambella initially. At the time of writing the detailed design of the programme was under way.

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<sup>33</sup> Adapted from Green & Kebede 2012

### 3.6. Policies and programmes in the field of ‘ideas’

391) Most if not **all of the government interventions in all fields** include an **intention of changing people’s ideas**. This is **often implicit** while the main goals are described in terms of e.g. increased agriculture productivity or enhanced maternal health outcomes. However, the government has also identified ‘**harmful traditional practices**’ for which its goal is **explicitly about changing people’s ideas** to make them abandon these practices. In this section we review the government recent policies and activities in relation to HTP affecting women and children.

#### Fight against HTPs affecting women and children

392) Several studies converge to highlight that there is a **host of harmful traditional practices affecting children and women** in Ethiopia, whose prevalence varies from one geographical area to another. There is some debate about the definition of HTPs and the causes of their persistence but a consensus that there are **wide-ranging negative effects** on children and women in terms of denied rights, negative health and education outcomes, psychological distress and illbeing, and limitations on economic independence<sup>1</sup>.

393) Ethiopia has a **relatively robust legal framework** to support the eradication of HTPs affecting women and children, rooted in the Constitution itself and strongly supported by the new family laws and the revised criminal code. There is a wide range of policies which support the eradication of HTPs affecting women and children (women, culture, population, health, developmental social welfare, education, HIV/AIDS and criminal justice policies).

394) The **GTP** has incorporated the **reduction of abduction, child marriage and FGM** among its gender and youth **targets**. The GTP also aspires to enable women to demand their rights and support the establishment or further development of mechanisms that protecting women; focus on social mobilization to address the underlying root causes of the problems; focus on institutional capacity building of law enforcement and other relevant bodies with the aim to support effective implementation and reinforcement of relevant policy and legal frameworks.

395) There are a **number of actors** involved in the fight against HTPs and a **range of interventions** have been carried out. This is said to have resulted in **some progress** (see box below).

#### The fight against HTPs so far

Government actors include the women, youth and children affairs, health, education, justice, culture and tourism development, labour and social affairs structures as well as the police. Non-government actors include HTP Committees; women’s associations; youth associations; community policing structures; religious institutions; school clubs (gender clubs, HTPs clubs) and community based organizations such as idirs; and national and international NGOs.

The **draft national strategy on HTPs (Oct 2012)** lists five groups of interventions: 1. efforts to bring about social changes (community conversations, religious approaches etc.); 2. service delivery (response to victims, legal awareness creation, prosecution and law enforcement etc.); 3. women/girls’ empowerment; 4. adoption of appropriate legal and policy frameworks and 5. establishment of appropriate institutional structures.

Progress has been seen in terms of awareness and involvement of a large range of actors and institutions across sectors, culminating in some instances in community declarations against the practice of HTPs; and decrease in the prevalence of HTPs as shown by a 1997 baseline survey and its 2008 follow-up survey.

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<sup>1</sup> See notably ‘Report on Assessment of Ongoing Activities Against HTPs in Ethiopia’, for Save the Children UK, Oct 2011; ‘Harmful Traditional Practices and Child Protection: Contested Understandings and Practices of Female Child Marriage and Genital Modification in Ethiopia’, Boyen et al 2012; and the analytical sections of the draft National Strategy on HTPs.

396) But a **number of challenges** have hindered further progress – many of which are rooted in the **absence of a focused national strategy** that would outline agreed priorities, establish coordination and collaboration mechanisms, ensure continuity in interventions, and institutionalize accountabilities and ways of learning and sharing lessons. In response to this situation the Ministry of Women, Youth and Children Affairs has undertaken the formulation of a national strategy and an associated action plan. At the time of writing a draft **National Strategy and Action Plan** had been prepared and commented on by closely involved partners. The Action Plan focused on the three most prevalent and problematic HTPs also identified in the GTP: **female genital mutilation, child marriage and abduction**.

397) One of the critical issues in the strategy and more generally is the **balance** to strike between approaches relying on **law enforcement** and approaches seeking to **focus on the broader socio-economic context and prioritise social work to change attitudes**, taking into account the cultural and religious logics underpinning the HTP practices. Research suggests that abolitionist approaches backed by punitive measures run the risk of either transforming the practices or driving them underground, which defeats the objective (Young Lives 2012).

398) In parallel to and as part of the work towards launching the National Strategy and Action Plan, the MWCYA has initiated an 'Alliance to end child marriage' which is linked to the Elders Global Initiative on this (called Girls not Brides). The Alliance has established a small Steering Committee – preparing to launch the HTP strategy in May 2013.

## 4. Government and donor dialogue: An update

### 4.1. Government and the ‘traditional donors’

399) There **does not appear to have been much change** in the dialogue between the government and ‘traditional donors’ in the past two years. Generally the donors’ position is articulated in a few points as follows, none of which is new:

- The government **pro-poor policy intentions** are commendable and have indeed led to **striking results in a number of fields**. Donors are ready to further support this.
- But the **government’s very ambition**, the pace of the infrastructure development intended in the GTP (and reiterated at the recently concluded 9<sup>th</sup> EPRDF Congress) and the means adopted (e.g. allegedly crowding out the private sector from access to credit reserved for public projects - see section 2.1) are **problematic and may actually prove to be harmful for the poor**<sup>1</sup>. For some donors the economy may soon come to resemble an ‘*overheated engine*’. Donors are concerned generally. As mentioned above they have also raised the issue of the long-term sustainability of basic services considering the high priority given to investment in GOE plans and budgets, in the context of the PBS dialogue (see section 3.5).
- There is a ‘**long way to go**’ (DFID 2012) **to complete the country’s democratic transition**. But on the whole the government’s strong pro-poor performance (to which political analysts add the country’s key role as an island of stability in the Horn and an ally in the war on terror) appears to lead most donors to accept that this transition will take time. It is also possible that many donors thought it better to put any dialogue on political governance on the back burner until the post-Meles transition would appear to be more secure.

400) There have continued to be a number of **sensitive issues in the GOE-donor dialogue**, although with **little continuity** across time. As explained by a donor official from one of the major agencies this is in good part because the **focus shifts over time**, following whatever issues watchdog organisations like Human Rights Watch and others bring to the attention of donor agencies’ domestic constituencies, thus forcing these agencies to show how they address the issues (or at the very least how they ‘do no harm’). In this way, the alleged politicisation of aid linked to the overlap of government and party agendas, activities and personnel which was highly sensitive two-three years ago has today receded in the background. In the meantime all eyes have turned on the government villagisation programme and the dialogue is focused on the issue of the possible link between PBS funding and allegedly forcible approaches to villagisation.

401) Similarly as only a few issues make it to the surface, the role of and space for CSOs is no longer raised so much by local donors. E.g. it was not mentioned at all in the DAG speech at the recent High Level Forum meeting that reviewed the government GTP annual progress report for 2011/12. It continues to be regularly raised by international internet-based media but in a somewhat less pressing manner than the villagisation issue.

402) A number of possible trends are worth mentioning. First, the **momentum for further aid alignment and harmonisation** is if not growing at least maintaining itself (e.g. strengthening of the RED/FS, joint donor work in the social protection policy development process, emerging sector approach to WASH). Second, donors stress the need to **link up policy development and programming across policy areas** (e.g. WASH and health, nutrition and PSNP and social protection, food security and agricultural growth). Third, this does not prevent donor agencies from being **internally inconsistent** or ignoring with one hand what the other does (e.g. PBS

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<sup>1</sup> This is linked to inflation, said to be fuelled by the huge public investments and associated funds flows and to hit the poor most; and to the negative real interest rates turning savings into a mechanism extracting funds from private individuals, including the poor who might be convinced of saving, towards public investments.

donors repeatedly stress that wereda budgets are dominated by salaries yet the same agencies support the idea of deploying a third HEW or a new cadre of local social workers). Fourth, **Regional governments** are increasingly often present and asked and able to contribute substantively to government-donor discussions (see for instance the discussions about regional formulae for wereda block grants under the PBS dialogue; the regular regional field trips under both the PBS and PSNP dialogues; the involvement and interest of regional governments in social protection policy development).

## 4.2. Ethiopia's non-traditional partners

403) While the relationship between the government and its traditional partners appears to be stable and any hard questions about the future held in abeyance, the last two years have seen the continuation of a **trend of diversification in development partnerships**. A recent ODI paper indicates that this is not confined to Ethiopia; a number of developing countries' governments enjoy today an '*age of choice*' hardly imaginable one or two decades ago with significant flows of funds from various 'non-traditional providers' such as **non-DAC donor countries** like China, India and Turkey and new DAC countries like South Korea, **philanthropic organizations and vertical funds** especially in health, as well as **climate financing**<sup>2</sup>.

404) Focusing strictly on partnerships aimed to support directly the government's development interventions, the trends for Ethiopia are interesting. The ODI team<sup>3</sup> found that '*Ethiopia has received a **significant volume of non-traditional development assistance** and such flows have **expanded over the past decade***'. This includes **rapidly increasing non-concessional finance from China to fund the government ambitious infrastructure projects** over which traditional ODA providers raise the concerns mentioned above.

405) In addition, non-traditional development partners are also **dominant commercial partners**. China became the lead market for Ethiopian exports in 2005/6; the top 4 sources of imports are China, Saudi Arabia, India and the United Arab Emirates. They are also **actively engaged in private sector activities strongly encouraged by the Ethiopian government** in agriculture (e.g. through large-scale land allocations) and industrial development (e.g. through government investing in or facilitating investment in industrial zones). And private actors from the investing countries may in some cases benefit from government-guaranteed credit to start-up operations.

406) The ODI study highlights that while GOE does not have an explicit written aid management strategy (unlike a number of other aid-dependent countries) it has **very clear priorities** vis-à-vis the type of aid it wants – from all its partners. It values above all aid that **fits with the national strategy** (the GTP), gives **preference to speed of implementation** over potentially more advantageous financial terms and in the same vein, **emphasizes lack of conditionality** (which it deems incompatible with country ownership of policy) vs. concessionality<sup>4</sup>. In so doing the government rejects in particular the use of conditions that go beyond the narrow viability of the project or programme that donor funds contribute to finance, highlighting that it can seek funding from alternative sources with likely fewer policy conditions.

407) Over time, the ODI team explains, the government has developed a **strategic approach** entailing an **implicit division of labour between traditional ODA providers and international financial institutions, and the non-traditional development assistance providers**. On one hand

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<sup>2</sup> *The age of choice: developing countries in the new aid landscape*, January 2013, Romilly Greenhill, Annalisa Prizzon and Andrew Rogerson, ODI Working Papers Issue 364

<sup>3</sup> The synthesis report mentioned above is backed by 3 country case studies including Ethiopia (the others are Cambodia and Zambia). See *The age of choice: Ethiopia in the new aid landscape*, Jan 2013, A. Prizzon and A. Rogerson, ODI.

<sup>4</sup> E.g. donor officials report that '*the government rejected loans at fully concessional rates, seeing the negotiation process as taking too long and the safeguards imposed as too burdensome. It then reverted to China despite the latter's harder financial terms*'. Government officials explain that such decisions are taken by the Council of Ministers.

the government has (thus far) largely managed to maintain traditional ODA funds flows and to retain the upper hand on policy development in these areas. Non-traditional providers *'do not participate in set-piece donor coordination fora, which tend to focus on areas where traditional sources dominate like delivery of social services, and the government is not necessarily interested in bringing them in either'*.

408) On the other hand the government has **successfully mobilized support** from partners like China, providing *'both **heterodox policy comfort** to the government and an alternative source for, in particular, **large-scale infrastructure financing**, which further diminishes the leverage of traditional donors'*. In domains like major infrastructure where *'new sources are significant or dominant but traditional actors are also present, the government sets the tone, not only by not inviting the new players but also more directly by itself not actively convening these (set-piece donor coordination) groupings, which then cease to be of operational interest to most parties.*

409) The government is also having an independent office in MOFED, dealing exclusively with China (the Ethio-China Development Cooperation Office), separate from the International and Bilateral Cooperation Directorates dealing with traditional donors and IFIs. In addition, the Economy and Business Directorate of MOFA and the Ethiopian missions in China (and Brazil) as well as the Ethiopian Investment Agency all have a key role in promoting and facilitating various forms of engagement between Ethiopia and these countries<sup>5</sup>.

410) At a more detailed level an example of division of labour is also found in the agriculture and rural development field – as summarized in the box below<sup>6</sup>.

*How the government is working with Brazil and China in agriculture/rural development*

Brazil, India, China and Korea are active in this field without being members of the Rural Economic Development/Food Security (RED/FS) government-donor sector working group. They are not major financiers but engage *'in the form of experience sharing in public governance (of the sector), technical cooperation and attraction of private and public investments.'* For instance, as part of the BPR process Ethiopia has adopted the following benchmarking experiences: the Indian model of decentralized agricultural research system; the promotion of agricultural TVET and of the concept of agro-industrial zones nearby major towns adapted from China; the adoption of 'group approaches' from China and South Korea.

Division of labour - While GOE focuses its relationship with Brazil on the renewable energy sector development (mainly related to biofuels) the cooperation with China is more focused on agricultural technology and skill transfer<sup>7</sup>.

411) A potentially important health warning considering ODI's analysis is that all interviews on which it is based were realized before Meles' death – and that as the team states, the **post-Meles era 'may challenge Ethiopia's established model of aid relationships, which have relied on the personal diplomatic skills and networks of the (late) Prime Minister for more than two decades'**. As we have just briefly discussed, on the side of the traditional donors if there should be any such challenge it has not yet arisen. Nor are we aware of any major shift in Ethiopia's relationships with its non-traditional partners. Time will tell whether this might change now that the immediate transition period has been concluded.

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<sup>5</sup> See *Chinese and Brazilian Cooperation with African Agriculture: The Case of Ethiopia*, Dawit Alemu, undated (circa end 2012/early 2013), Future Agricultures Consortium.

<sup>6</sup> This paragraph and box draw from Dawit Alemu's paper.

<sup>7</sup> An all-round agreement of cooperation between Ethiopia and Brazil was signed in April 2012 during an official visit of the Brazilian Foreign Minister. With China economic and technological cooperation agreements were signed in 2006. This resulted in two agriculture development-related agreements on (i) the construction of an Ethiopia-China Agricultural Technology Demonstration Centre (as of November 2012 fourteen Chinese experts had arrived and the centre was ready for a first round of training programmes for agricultural extension personnel and farmers for the 2013 season) and the provision of Chinese instructors on AgTVET (an agreement that has been implemented since 2001).

### 4.3. A view on the trajectory of the last decade's partnership

412) Ethiopia has had a tradition of national development plans long before the introduction of the Poverty Reduction Strategy planning process which institutionalised the idea of negotiating a country's policy agenda with the donors asked to cofinance its implementation. The first Ethiopian PRSP negotiated with Ethiopia's donors was parallel to the then prevailing five-year national development plan that had been approved by the legislature. It is only for the second iteration that the negotiated PRSP planning process was merged with the internal political national development planning process (Dom 2009). While this might have led to a loss of control of the policy agenda, the preparation and approval of the GTP suggests that the internal political process took precedence in setting out the big ticket items on the agenda (Dom 2011).

413) Along the way in that decade between 2002/3 and 2012/3, the government's traditional partners were joined by a group of other outsiders whose importance has grown in technical and financial terms – as well as because of the 'heterodox political comfort' they bring with them (see Dom 2011 and above). With this the government does no longer need in the same way to 'name and shame' donors unwilling to bridge the financial gap between plans supposedly developed in partnership with the government and the resources that they eventually committing to implement them (see Dom 2009).

414) But **has the government really remained on top of the policy agenda?** What about a case like social protection – which in 2009 was not quite part of the politically correct discourse (Dom 2009) while in 2013 a draft national policy is awaiting to be approved after endorsement by the ruling party, following a process of policy development in which a number of donors and NGOs have played a significant role? To me this is still an **example of continued government-in-the-lead**. First, and specifically in relation to the social protection policy, one has to note that it leaves largely outstanding the balance between the various dimensions of social protection; it remains to be seen how much consensus there is between the government/party and the donors about where to strike it.

415) More generally, at the level of the policymaking process the very importance that donors give to the ruling party endorsing the policy is a sign of recognition that indeed, this is where policy is made. Moreover it is plausible that alongside donor influence there was realization on the government/ party's side that without action, growth could lead to levels of inequality ideologically unacceptable and politically dangerous. This in turn, illustrates the more general fact that among the factors that influences the government policy position over time, **internal political economy considerations** are at least as important as **donor advice**.



## 5. Ethiopia's development: a collective action problem?

416) In this concluding section we take a step back and think about what we think we know of the EPRDF-led government's conception of Ethiopia's development in light of analytical frameworks recently proposed by two 'heterodox development thinkers'<sup>1</sup>, Kelsall and Booth. This continues a reflection undertaken in the concluding section of the WIDE 3 2011 policy review update.

417) The late Prime Minister Meles Zenawi is the father of the currently dominant Ethiopian development model. This model relies on a **strong and effective developmental state**. It strongly rejects the neoliberal 'nightwatchman state' model that is still (according to Meles) the gist of much of the prescriptions given to African States. This is grounded in an analysis of how economies and states work in practice, he said at the time, as opposed to dogmatism and ideologically-driven theories that do not stand up against evidence<sup>2</sup>.

418) While in the early 2000s Meles's model of the developmental state was not yet clearly articulated, it increasingly became so in the course of the decade. In the post-2010 period it more explicitly became the model of the government, and it also became more clearly recognized as something of interest more broadly than in macroeconomic discussions between GOE and the IMF and DPs. Meles talked about the developmental state in high level international conferences and meetings, wrote about it in international publications, convinced his peers at the African Union of the importance of the topic<sup>3</sup>. A range of scholars analysed the Ethiopian model of the developmental state (Kelsall and Booth among others). Donors in Ethiopia seemed to realize that 'there is something in it' even if they continued to express concerns with parts of it.

419) There are various ways of presenting the model. For Kelsall talking about 'business, politics and the state in Africa', today's Ethiopian regime belongs to what he calls **developmental patrimonialism**. The box below summarises his characterization of these regimes.

### Developmental patrimonialist regimes

Developmental patrimonialist regimes exhibit the characteristics of neopatrimonialism: power concentration/ personalization and informalisation, blurring of the boundaries between public and private spheres, and preeminent role for patronage and clientelism in cementing the legitimacy of the political system. The Western good governance agenda has for a long time focused on eradicating neopatrimonialism. An analysis of historical and more recent trajectories of a number of countries suggests that this may be a misguided objective: neopatrimonialist regimes can be developmental when they succeed to **centralize rent creation and management and orient it to the long-term**.

For this, a **highly centralized political framework** provides **enabling conditions**. Four factors that seem to explain why some regimes succeed and others fail in centralizing and long-term orienting rent management: the presence of a **strong and visionary leader**; the creation/rule of a **single or dominant party**; a **top-down** (as opposed to scattered) **patron-client network** and; the maintenance of a **competent and confident**, vertically disciplined **technocracy**, free from the most damaging clientelist pressures.

<sup>1</sup> Kelsall in *Business, Politics, and the State in Africa: Challenging orthodoxies on Growth and Transformation*, Tim Kelsall, Zed Books London, 2013, defines them as a group who have begun to question the interpretation that Africa's recent growth was due to the conventional good governance and structural adjustment policies finally bearing fruit.

<sup>2</sup> See Meles Zenawi chapter 'States and Markets: Neoliberal Limitations and the Case for a Developmental State' in *Good Governance and Growth in Africa: Rethinking Development Strategies*, Edited by Akbar Norman, Kwesi Botchwey, Howard Stein and Joseph E. Stiglitz. 2012

<sup>3</sup> See e.g. <http://www.africafocus.org/docs11/eca1103.php> in 2011 and <http://www.uneca.org/media-centre/stories/experts-discuss-developmental-state-and-underscore-its-role-socio-economic> in March 2013

420) Looking at where today's Ethiopian regime comes from, Kelsall's take on the post-Derg political trajectory of Ethiopia draws much on Vaughan's analysis (a part of which was presented above in relation to decentralization). The **first decade** saw the introduction of **ethnically based federated states**. This was key to the **building of a ruling coalition**, giving supporters from across the country unprecedented access to rents in the form of governmental positions and resources. The **second decade** focused on the **capacitation of demographically defined weredas** – a way of further deepening the vertical patron-client network and somewhat balancing the importance of ethnicity in the composition of Ethiopia's national identity.

421) The trajectory of the relationship between the ruling party and the government bureaucracy is more complex, in four stages. The **party preeminence** of the 1990s (first stage) was reined in after the 2001 split. As part of the 'renewal', party structures were replaced by a **bureaucratized capacity-building structure under the state** (second stage). When, with the 2005 election, the opposition proved to be stronger than thought, the **ruling party** took steps to **rebuild its infrastructure** distinct from that of the state, and its basis (third stage). The fourth and current stage is one of **consolidation** in which '*EPRDF membership is understood to be in the region of six million... The scope of the political choices open to them now clear, electorates overwhelmingly returned ruling party representatives*' in both 2008 local and 2010 regional and national elections.

422) The WIDE3 research suggests that in addition to consolidation (of the party) there is '**merging**': government and party's agendas and leaderships overlap to the extent that they appear as one and the same to many Ethiopians. Kelsall seems to implicitly acknowledge this - e.g. stating that '*today some 30 percent of the rural population holds posts that may entitle them to a share of the rents from this highly managed political economy*' thanks to the massive expansion of posts in both government and party at the local level<sup>4</sup>.

423) Kelsall further supports his argument about the nature of the current Ethiopian regime as follows.

*Kelsall's presentation of the Ethiopian version of developmental patrimonialism*

Receiving large amount of western aid and yet eschewing a Washington-based programme, the regime is characterized by a '*formidable concentration of political and economic power*'. In itself the political trajectory just described is an illustration of the way the regime has been able to centralize the management of rents. Economically '*the government has retained a great deal of control over the principal levers and strategic sectors of the economy*', '*influences the strategic direction of economic development through party-linked holding companies*', '*enjoys close relationships*' with a number of private investors and tightly controls the financial sector including microfinance. This is all part of an '*ambitious industrial policy*', for which the government also lays down foundations through its '*massive programme of infrastructure expansion*' (in which State-Owned Enterprises and endowment companies are key actors) and the large resources '*ploughed into both vocational and higher education*'.

This policy has shown that it could be successful – taking for example the development of the floriculture and leather product sectors in which the government played an active role. Worthy of note is the role of endowment companies in structurally transforming the industrial sector. In the largest one (EFFORT) this is through deliberate and tight integration and complementarity between its different companies' activities and cross-subsidizing investments in riskier areas by profits made in more highly profitable ones. In all these cases rents (arising from the various

<sup>4</sup> Kelsall is citing "*Briefing: The 2008 Ethiopian local elections: the return of electoral authoritarianism*", Lovise Aalen and Kjetil Tronvoll, *African Affairs* 108/430, 2008. Aalen and Tronvoll actually wrote this: *In a kebele (which has 1,000–3,000 inhabitants) ... a totalitarian picture when up to one third of the inhabitants may be members of the local government councils, and a similar number are members of the party, resulting in overwhelming control of the local community* (emphasis added). This is based on the fact that the kebele Council in theory comprises of 300 people, all or the very large majority being EPRDF party members in most communities after the 2008 elections.

forms of government support to these economic undertakings) appear to have been managed 'strategically' and there is *'no credible evidence that they are squandered in corrupt ways'*.

At the macro level, Ethiopia has been one of the world's fastest growing economies for several years, growth has been broad-based and the government's record in reducing poverty has been strong. The impact on structural transformation of the economy is *'less impressive'* but *'there are signs that this may be about to change, with at least some progress registered in the sectors that have been targeted by government industrial policy. The most immediate threat to that progress is macroeconomic imbalance'*.

424) Kelsall identifies **challenges** to the future of the Ethiopian model. First, rent centralization is driven by a *'regime... which has chosen to pursue legitimacy primarily through broad-based development'*. But *'the country's ethnic geography does not make that an easy task'*. Second, *'the political subservience of the civil service... may prevent it from offering sound technical advice to the leadership'* thus depriving the regime from the competent and confident technocracy needed to make good technical choices. Third, the government attitude to the private sector, its discourse about and actions against rent-seekers (as opposed to value-creating entrepreneurs) pitches it in a confrontational position which prevents maximizing *'the potential for constructive industrial policy'*. Fourth there is the question of the political succession and the risk of less disciplined rent management trends emerging with a weaker leader.

425) Fifth and fundamentally, he says, *'at some stage the regime will need to open up'*. To some extent this is what the EPRDF has tried to do by recruiting millions of members, but another source of strain is the *'likely effect of this ... to increase the pressure for unproductive rent distribution'*. I suggest that there is an even more fundamental question, **about the nature of the relationship of the regime with the wider society** which it leads and so, **how the regime could open up**, while the Ethiopian society becomes more complex and plural in the course of a change trajectory shaped by a range of factors, among which the regime's policies are only one set.

426) This resonates with the question I was asking in the 2011 policy review update. This was about where Ethiopia might be heading in shifting away from an order based on an increasingly strict and complex rent management system, which soon or later might become unmanageable due to its complexity. In North's theory (see Dom 2011) the desirable direction is a given: ideally at some stage a Limited Access Order in which rent creation and management is the society's glue gives way to an Open Access Order in which the glue is open-to-all competition, organizational development in all segments of society, and rule of law. Yet, it is **hard to see competition becoming a rule in Ethiopia**.

427) For one, the father of the Ethiopian model of the developmental state did not believe that **all-out** competition was desirable. In his writings he spoke about the importance of a **'consensus on the fundamentals'**. Yet he knew that development is primarily a political challenge. Thus, *'it is necessary to master the technicalities of economics, but essential not to let them become a dogma that masters you. It is the politics of the state that unlocks development.'* If that is so, for development to be unlocked *'the 'developmental state' should be obsessed with value creation, making accelerated and broad-based growth a matter of national survival'*. Last but not least to succeed in this, *a third element is needed, namely the hegemony of developmental discourse, in the Gramscian sense that it is an internalized set of assumptions, not an imposed order* (Conversation with Meles, Alex De Waal 2012, emphasis added).

428) This third indispensable element brings us to look at the conclusion of another thought-provoking heterodox research. The African Power and Politics Programme looked across a range of sectors and diverse African countries into one overarching question: *'which institutional*

*patterns and governance arrangements work well, and which badly, in supporting the provision of the public goods and other intermediate conditions that matter for successful development?*<sup>5</sup>

429) They concluded that *'governance challenges are not fundamentally about one set of people getting another set of people to behave better – be they opposition parties getting the ruling party to behave or clients getting accountability from service providers or the other way round, a well-intentioned government getting people to adopt specific behaviours. Instead, governance challenges are about both sets of people finding ways of being able to act collectively in their own best interests. They are about **collective problem-solving in fragmented societies hampered by low levels of trust.***' In other words, development is a political undertaking in which the way elite behave is critical, but it also requires the wider society and elite to have enough in common to find ways of acting collectively toward national development as a shared-enough objective.

430) Meles's call for hegemony through **internalisation of a common (hegemonic) set of assumptions** resonates with the APPPP's conclusion about **development as a collective action problem**. But **one key question is how** one gets to a point where all or at least most actors in society have internalised this set of assumptions; how to overcome low levels of trust that may prevail in the society so that people embrace this set of assumption. This **goes much beyond building or maintaining a narrow elite coalition**.

431) De Waal asked the question to Meles – that is, *'if it were possible to create a common mindset of value creation in a country as vast and diverse as Ethiopia in such a short period of time'* and wondering about the *'danger that a theory, however sophisticated, would degenerate into a set of dogmas parroted by party cadres'*. Meles's response focused on investing in strengthening the party's leadership to avoid this danger. He did not dwell on the question of the genuine outreach of the party or any other way of reaching out to the 'vast and diverse country'.

432) The Ethiopian way of trying to reach out beyond the (overlapping) elite and vanguard party groups has evolved over time. The TPLF model of **mobilization from within** which worked in Tigray during the Derg did not survive scaling up to Ethiopia as a whole and was replaced by **top-down campaigning**, soon to become fairly heavy-handed for recalcitrants. Following the 2005 election and the realization that these heavy-handed methods had alienated people, the **good governance package** replaced fines and 'positive coercion' by the use of models and other means to try and **convince people** (Dom 2009). But beyond the fact that practices on the ground may diverge from the new theory, there are reasons to believe that these means may in turn soon also reach their limits.

433) The Ethiopian society has changed and this looks like a potentially exponential trend (following trends in education and in 'connectivity' – roads, transport, mobile phone, internet, international migration...). Many more people have access to a lot more information than even a decade ago – and can get access to alternative models much more easily. Moreover the local models in the form of those who according to Kelsall by virtue of their posts in government or the party may have access to a share of the rents, also see costs to their position as they are under pressure to deliver the party's/government's targets – and many resent this.

434) In this context, the news that at the highest level some attention is being given to the challenge of **inventing a form of accountability from within** is very important. Finding the way to do this is what might ensure that the hegemony of developmental discourse is indeed not an imposed order. The concept of accountability from within does not depart from the value of the **consensus on the fundamentals** – but may introduce **acceptance that there needs to be challenges from within about how the fundamentals are defined and on what basis**.

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<sup>5</sup> *Development as a collective action problem: Addressing the real challenge of African governance*, David Booth, synthesis report of the Africa Power and Politics Programme, October 2012 and Policy Brief No.09, APPPP, October 2012.

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