



Development Assistance Group ETHIOPIA



*Empowered lives.
Resilient nations.*

PHAVE IV- DEVELOPMENT PARTNERS SUPPORT TO GTP IMPLEMENTATION PROCESS IN ETHIOPIA

ANNUAL PROGRESS REPORT

**ADDIS ABABA
ETHIOPIA**

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I. Background and Context

In 2013 Ethiopia continued its efforts to achieve Development Cooperation targets with the help of its committed development partners. The development partners provided support through harmonized and aid effective mechanisms to enable the country implement its National Development Strategy and attain Millennium Development Goals that are fully mainstreamed in the Growth and Transformation Plan (GTP).

Phase IV of Development Partners support to the Growth and Transformation Plan (GTP) implementation process in Ethiopia aims to build on the successes and lesson learnt in the previous phases of the project. Moreover, this project focuses on providing support to the government in its efforts to reduce poverty through enhanced dialogue between government and development partners; provision of institutional capacity development support; policy research and strategic studies which will contribute to the achievement of the GTP.

The DAG structure comprises of 27 multi-lateral and bi-lateral partners that provide assistance to Ethiopia. Recently, Israel's (MASHAV) joined the DAG as of 10th September 2013. The overall, budget for 2013 was USD 1.175 million.

This report presents the activities and accomplishments of the DAG through the use of DAG pooled fund in the year 2013.

II. PROJECT DESCRIPTION

PROJECT TITLE	Phase IV – Development Partners’ Support to the Growth and Transformation Plan (GTP) Implementation Process in Ethiopia
COUNTRY: LOCATION	Ethiopia: Federal level
PROJECT ID/IDs	00068131
PROJECT DURATION	July 2012 – December 2015
UNDAF OUTCOME(S)	Outcome 11: By 2015, capacities of national, local and community institutions strengthened for participatory and evidence-based planning, implementation, monitoring and evaluation, leadership and decision-making.
TOTAL BUDGET (ACTUAL EXPENDITURE)	USD
IMPLEMENTING PARTNERS	Ministry of Finance and Economic Development (MoFED)

Disclaimer: Financial Data provided in this report is an extract from UNDP's financial system. All figures are provisional and do not replace certified annual financial statement issued by UNDP.

III. Implementation Strategy

Phase IV of the project will continue to focus on issues related to harmonized support to GTP and MDGs with the aim of reducing transaction costs for both Government and Development Partners. It is a four-year project (2012-2015), which aims to provide support to the Government in its effort to reduce poverty through enhanced dialogue between the Government and development partners. The project will also provide institutional capacity development support through policy research and strategic studies, which will contribute to the achievement of the development goals of GTP.

The project will be nationally implemented by MoFED as an implementing partner. The national implementation modality is guided by the pertaining UNDP NIM rules and regulations as well as Ethiopia's National Project Implementation Manual (PIM).

PARTNERSHIP STRUCTURE

The DAG Secretariat supports the Government of Ethiopia to implement the Growth and Transformation Plan (GTP) through Ministry of Finance and Economic Development (MoFED). The two directorates that works directly with the Development Assistance Group (DAG) as implementing partners are Development Planning and Research Directorate and The UN Agencies and Regional Economic Cooperation Directorate of MoFED.

The project will be overseen by a steering committee (SC) composed of an Executive chair, DAG Ex-Com and UNDP representative. The SC will make management decisions by consensus. UNDP is assigned to manage the day to day activity of the project and the pool Fund. The DAG secretariat will be responsible for the provision of policy and Aid Effectiveness Advisory services; Project Management, Communication, Coordination, Administrative and Financial support services

MONITORING AND EVALUATION

The DAG Secretariat visit the Implementing Partners (IPs) regularly at a minimum of bi-weekly basis to discuss progress and implementation challenges. The practice allowed to build trust and good communication for fluid information exchange between the IP and DAG Secretariat.

IV. Project Summary

4.1.1. OUTPUT1: EFFECTIVE SUPPORT TO THE GTP AND MDG CONSULTATIVE PROCESSES PROVIDED

Capacity Development Training

As part of strengthening the Monitoring and Evaluation mechanism to eradicate hunger and poverty, a series of Capacity Development programmes have been conducted. A technical expert team composed of 13 members from National Planning Commission of Ethiopia (NPC) and Central Statistics Authority (CSA) participated in tailor made training programme on Growth, Poverty and Inequality. The training was organised by NPC in collaboration with UNDP, DAG at Asian Institute of Technology in Bangkok, Thailand on 20-31 January 2015.

The main objective of the training was to provide expertise on assessment of economic growth, inequality and mapping poverty at sub-national levels using household census and representative survey data. This will later feed into poverty mapping exercise to be conducted in the upcoming years. In addition, the team has visited **Mass Rapid Transit Authority** of Thailand for experience sharing on the impact of infrastructure development, public private partnership and poverty reduction programmes targeting the poorest communities.

Support to Strategic Studies

The Development Planning and Research Directorate in MoFED prepared a terms of reference (ToR) for commissioning a study to assess Ethiopia's Expert Status and Identify problems and Opportunities: Towards Export Competitiveness and Diversification. The assessment study is expected to identify critical challenges of the export sector and come up with remedial solutions for the critical problems and provide way forward. To this effect in December 2013 the consultants submitted their inception report and questionnaire for export-oriented industries.

Media Advocacy and Awareness-raising on GTP and MDGs

MoFED with the support from DAG Ethiopia has been sponsoring radio programmes on regional FM stations in Amharic, Afan Oromo, Afar, Somalie as well as Tigrigna.

- From October 09, 2013 to November 27, 2013 every Wednesday from 7:30 to 8:00pm the Ethiopian National Service with the help of eight regional FM stations has been broadcasting a radio programme called "Awdelimat" in Amharic. The programme covered topics ranging from GTP Goals and three years performance in minimizing risk; Addis Adama fast road construction; health and increasing productivity.
- From October 08, 2013 to November 26, 2013, every Tuesday from 8:50 to 9:20pm the the National Service with regional FM stations has been broadcasting in Afan Oromon. The topics covered range from product and productivity and development challenges: Agricultural technology application and productivity; Indicators of growth and Transformation plan of agricultural sector

in species and cereal productivity; Strong and better corn seed obtained in Western Shoa; Quality of agricultural production and productivity resulted from the application of technology in various weredas.

- From September 6, 2013 to November 25, 2013 every Monday from 11-11:15am the Mekele Fana 94.8 has been broadcasting in Tigrigna. The programme covered topics on Tigray Regional States three years GTP and Finance plan and its implementation; Agricultural plan implementation and its challenges; Tangible activities of farmers and pastoralists in Eastern Zone of Tigray; Performance of Tigray agriculture and rural development bureau and GTP; achievement of Tigray Trade and Industry Bureau; opportunities offered for foreign investors by Tigray Trade and Industry Bureau and Success of small and micro enterprises for youth.
- From October 10, 2013 to November 21, 2013, every Thursday from 1:50-2:05pm the National service has been broadcasting in Afar language on topics ranging from tax collectors and payers assessment and controlling trend in cities of Logi and Semera; Assessment of poverty reduction activities performed in Awura Woreda in particular shifting pastoralists to semi-farmers; Assessment of Afar health bureau's performance and related activities particularly disease prevention and control; Good governance and food security in various weredas; Assessment of income in Logi and Semera cities and Assessment of Economic and Finance development performance and income.
- From October 22, 2013 to November 26, 2013 every Tuesday from 2:30-2:45pm the National service has been broadcasting in Somali language on topics ranging from the history of establishment of the world Bank and IMF; the role of finance and Economic development bureau of Somali Regional state; the role of NGOs in economic development with specific emphasis on the case of Moyale Woreda; experience sharing on the development planning in weredas to the role of health in economic development; the role of wereda sectors in economic development.

Various government officials and experts took part in the production, interviews and panel discussions of the above mentioned radio programmes and feedbacks were received from audience across the country. In a nutshell, the feedbacks were positive and constructive citing the enormous contribution of the programme in awareness raising on the GTP and its implementation, learning and experience sharing. It was stressed that Government officials need to be available for interviews and discussion on such platform to provide information and respond to questions raised from the audience. It is also crucial to devise and provide alternatives before embarking on new projects. The role of engaging higher educational institutions in the evolution of new ideas and transformation is also mentioned.

Annual Progress Report on the GTP

The second Annual Progress Report (2011/12 APR) was held on 6th March 2013 at the UN Conference Center in Addis Ababa, Ethiopia. The consultation was attended by representatives of federal and regional government, private sector, civil society, research institutions, religious institutions, higher educational institutions, professional associations, political parties and development partners. The aim of the consultation was to assess the annual implementation of the GTP and to communicate progress; identify

challenges and explore measures to improve implementation. Some of the issues raised by DAG for future orientation and improvement included:

- Weak performance of tax revenue system; persistent negative trade balance; declining foreign direct investment (FDI); limited access to credit and foreign currency
- Gender parity remains to be critical-Girls enrolment rare in secondary schools is only 30%
- Limited political space and interaction between the federal and regional governments; space for civil societies active participation and engagement
- Investment Climate; access to land; **long bureaucratic processes** at governmental institutions

In addition to this federal consultative forum, regional meetings were held in seven regional states with a total of 1,120 participants drawn from regional and woreda sector bureaus and other relevant stakeholders. The consultations served to assess progress; share views and experiences, discuss challenges and seek solutions to achieve the objectives of GTP and its sustainability. **The 2011/12 GTP APR was published and disseminated to the public at large.**

Technical Assistance and Administrative Support to Welfare Monitoring Unit (WMU).

DAG supported two analytical works as part of the monitoring of the GTP. These are the Poverty Analysis and Assessment of Ethiopian Macro Economic Performance (1994-2004 E.C.)

These studies indicated that the high economic growth is translated into reduction in poverty in Ethiopia. But the poorest of the poor is not benefiting as much from the economic growth. Hence, it is imperative to give special attention to this group to bridge the gap and increase their human capital.

4.1.2. OUTPUT2: DAG AND THE GOVERNEMENT DIALOGUE STRUCTURE FUNCTION PROPERLY

High Level Forum-DAG policy Dialogue

The High Level Forum (HLF) for 2013 was conducted on 10th July 2013 in Ministry of Finance and Economic Development (MoFED). The theme of the HLF was on ***Private Sector Development in Ethiopia***. Private sector is crucial for employment generation, urban development and economic growth yet it faces multi-faceted challenges.

The High Level Forum was attended by Ministers, State Ministers and other relevant high level government officials and Head of Agencies of DAG Development Partners. The dialogue was concluded with the following concrete action points;

1. Support a one stop service to set-up new business
2. Facilitate access to finance for medium enterprises
3. Apply findings from the trade, logistics and transport study
4. Identify best practices and develop venture capital and private equity in Ethiopia.

Advisory Support and Technical Assistance for Governance and Development Effectiveness

Technical assistance was provided to 18 different Governance Technical Working Groups. Technical advisory service was delivered on various subjects including elections, engagement of civil society on the GTP, harmonization strategy in the justice sector, application of the Charities and Societies proclamation, developed indicators on access to justice and civic engagement. These indicators will be recommended to government for proper monitoring and implementation of GTP.

In preparation for the country level post Busan monitoring exercise, the DAG Secretariat produced a brief on the information that would be collected at the country level the use of public financial management system and aid predictability. The secretariat in collaboration with MoFED decided the base line year for reporting to be E.C. 2004 and reviewed aid data reported on AMP. In addition extract use of Public Financial Management systems to determine what information is required form Developing Partners. Further advisory support was provided in pushing for Aid Management Platform and supported MoFED on monitoring of development effectiveness principles.

Communication, Pool Fund Management and Administrative Support

With regards to communication, the secretariat prepared quarterly reports, minutes for the various DAG meetings, Newsletter and managed the DAG website. The secretariat also coordinated and ensured smooth information flow to Heads of Agencies, other DAG structures and the IP.

Range of project management activities were undertaken including Annual work planning with IPs, managing contracts and contribution agreements, day to day follow-up and monitoring of financial as well as substantive progress in the implementation of the work plan, reporting and financial management of the project.

The DAG secretariat facilitated..... DAG meetings in 2013, one DAG retreat on November 20th 2013 and 3 GTWG meetings, 3 CSSG meetings and I JuSaCo meeting.

4.1.3. 3.2.3. OUTPUT 3: ENHANCE CAPACITY OF GOVERNMENT AND DEVELOPMENT PARTNERES TO ACHIEVE AID EFFECTIVENESS AND HARMONIZATION TARGETS

Technical Assistance and Capacity Development for Aid Management Platform

Contributions from the DAG PF supported the web-based Aid Management Platform (AMP) as a mechanism of enhancing transparency, predictability and mutual accountability in Aid Cooperation. The Aide Management Platform was upgraded from version 1.16.18 to the latest version of 2.4.4. The upgrading made the platform more user friendly and possible to access additional features such as modification on budget disbursement, donor report generation, tab creation and donor dashboard. AMP reports, activities

and structures can now be generated and tailor made for specific criteria and will include the Busan Global partnership Monitoring Indicators.

Following the upgrade of the platform two Development Gateway Aid Management Platform trainings were conducted in Addis Ababa, Ethiopia. The first one was on 21-23 May 2013 at Capital Hotel 39 AMP focal persons plus 13 government official acquired skills to generate reports and enter data using the new version. The second training was held 11-13 December 2013 at.....The objective of these training was to share experience and best practices among the countries that use the platform. The AMP training underscore the importance of tracking foreign AID, sharing information and peer-learning on lesson learnt and results achieved. This will help to have qualitative information not only focused on financial delivery but on non-financial indicators. It was stated that data analysis and quality needs to be improved to bring greater alignment and AID transparency.

MoFED DG is eager to roll out an M & E module that is currently under assessment.

V. Challenges, Lesson Learnt and Way forward

Major Challenges

- One of the major issue for DAG Pool Fund was mobilizing resources. The contribution that was received from Development Partners until December 2013 was less than the approved Annual Work Plan (AWP) allocation. Although the number of contributors has increased to 15 in the third quarter, the amount of resources contributed remain to be small. This increased the transaction cost of the pool Fund's financial management. The issue of resource predictability forced DAG Pool Fund to have only short term visions. As indicated at the DAG Pooled Fund Steering committee meeting on 12th June 2013, the AWP was revised in line with the changing priorities. The downward revision that was signed by UNDP and MoFED, on 27th October 2013 saved USD 689,300. The DAG Pooled Fund Steering Committee met on 18 December 2013 to discuss and seek way-forward for 2014 Annual budget gap. As it stands, the 2014 annual budget is \$930,000 and there is a shortfall of USD 116,550 - assuming that multi-year contribution agreements are honored and that contributions in the pipeline are received
- Slow implementation was another recurrent problem. These challenges were partially related with the creation of National Planning Commission and migration of some government officials from MoFED to the Commission.
- In utilization of AMP methodology of development partners data collection (related to double counting), slow internet connectivity is creating a problem is accessing the Aid Management Platform and thereby making the database management cumbersome and slow.
- Departure of the DAG Pool Fund manager to another UNDP project also caused some delays in implementation due to diversion of human power from other important tasks as reporting and liaising with IPs were done by the head of the secretariat and the Finance/Administrative Associate.

Lesson Learnt

The DAG Secretariat has continued to set-up its engagement with MoFED. Day-to-day communication has been invaluable in getting results

Way-forward

- It was agreed that the DAG co-chairs would appeal to all agencies, and in particular those who are not currently contributing to the DAG Pooled Fund for contributions in 2014 and beyond so that DAG can have long term vision.
- If resources are mobilized above and beyond the expected AWP budget, a contingency budget line needs to be created so that the DAG is in a good position to react to emerging issues. Similarly, the Secretariat will work with MoFED to identify 2-3 additional priorities if additional resources are mobilized.

- Recruitment of a consultant to work on developing targets for monitoring of aid effectiveness principles as well as inform the global monitoring efforts of the Busan partnership for Effective Development Cooperation.
- It would be advisable to if Development Partners could contribute more amount with less frequency to reduce transaction costs.

VI. Financial Summary