Danish Country Programme for Ethiopia 2018-2022

Key results:

- *56% increase in the income of Small Holder Farmers in the Agricultural Commercialisation Clusters*
- *7,900,000 beneficiaries from the Productive Safety Net*
- *22,849 households have improved their livelihoods by participatory forest management*
- *15 pct. change in voice and accountability rating and in government effectiveness rating*

Justification for support:

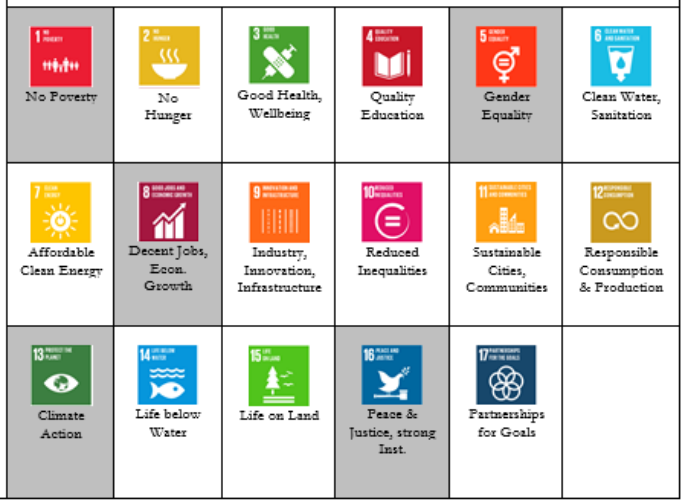
- The programme improves income and market access for small farmers, enhances climate change resilience, reduces greenhouse gas emissions, and reduces extreme poverty in rural areas, including refugee-hosting communities.
- The programme contributes to maintaining Ethiopia as a relatively stable country in a region marked by instability
- The programme contributes to improved governance and support to respect for human rights.

Major risks and challenges:

- The main risk for the programme is the present political, social and ethnic unrest in Ethiopia. The programme is designed to support the stabilisation by improving livelihoods

File No.	2018-34514					
Country	Ethiopia					
Responsible Unit	Addis Ababa					
Sector						
DKK mill.	**2018**	**2019**	**2020**	**2021**	**2022**	**Tot.**
Commitment	195.0	270.0	220.0	210.0	0.0	995.0
Projected ann. Disb.	52.0	225.5	262.5	241.5	213.5	995.0
Duration	2018-2022					
Finance Act code.	06.32.01.05 & 06.34.01.70					
Head of unit	Karin Poulsen					
Desk officer	Mads Ettrup					
Financial officer	Mads Ettrup					

Relevant SDGs



Strategic objectives:

Inclusive, sustainable growth and improved governance in Ethiopia by supporting the vision of building a Climate Resilient Green Economy and reaching lower middle-income status by 2025.

Thematic objective 1: Market-driven value chain development for the benefit of small holder farmers through an inclusive and environmentally sustainable approach.

Engagement	Partner	Total thematic budget: [mill.]
Agricultural Commercialisation Clusters	ATA	350.0

Thematic objective 2: Improved food security and asset creation in rural areas while also contributing to efforts to transform the natural environment and improve nutrition, including in communities hosting refugees.

Engagement	Partner	Total thematic budget: [mill.]
Productive Safety Net Programme	World Bank	300.0
Sustainable Livelihoods and Food Security Programme	WFP	150.0

Thematic objective 3: Improved and climate resilient livelihoods, while maintaining and enhancing carbon stacks and other ecosystem services and products.

Engagement	Partner	Total thematic budget: [mill.]
Climate Resilient Forest Livelihood	Ministry of Environment	45.0

Thematic objective 4: Democratic governance and human rights in Ethiopia further developed through enhancing the capacity of key governance institutions, human rights protection and public participation.

Engagement	Partner	Total thematic budget: [mill.]
Governance and Democratic Participation Programme	UNDP	20.0
Ensuring Gender Responsive Democratization and Preventing Violence against Women and Girls	UN Women	20.0
	Un-allocated funds	90.0
	Programme support	20.0
	Total	995.0

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ACRONYMS

3GF	Global Green Growth Forum
ACC	Agricultural Commercialisation Clusters
ATA	Agricultural Transformation Agency
BOFEC	(Regional) Bureau of Finance and External Cooperation
BoWCA	Bureau of Women and Children's Affairs
CRGE	Climate Resilient Green Economy
CSO	Civil Society Organisation
CSSP	Civil Society Support Programme
DAG	Development Assistance Group
DDR	Disarmament, Demobilisation and Rehabilitation
DfID	Department for International Development (UK)
DKK	Danish Kroner (1 Euro = 7.44 DKK)
DMDP	Danida Market Development Partnerships
DWG	Donor Working Group
EGDPP	Ethiopian Gender Democratisation and Participation Project
EHRC	Ethiopian Human Rights Commission
EIO	Ethiopian Institution of the Ombudsperson
EPRDF	Ethiopian People's Revolutionary Democratic Front
EU	European Union
FDI	Foreign Direct Investment
FATF	Financial Action Task Force
FEACC	Federal Ethics and Anti-Corruption Commission
FSTU	Forest Sector Transformation Unit

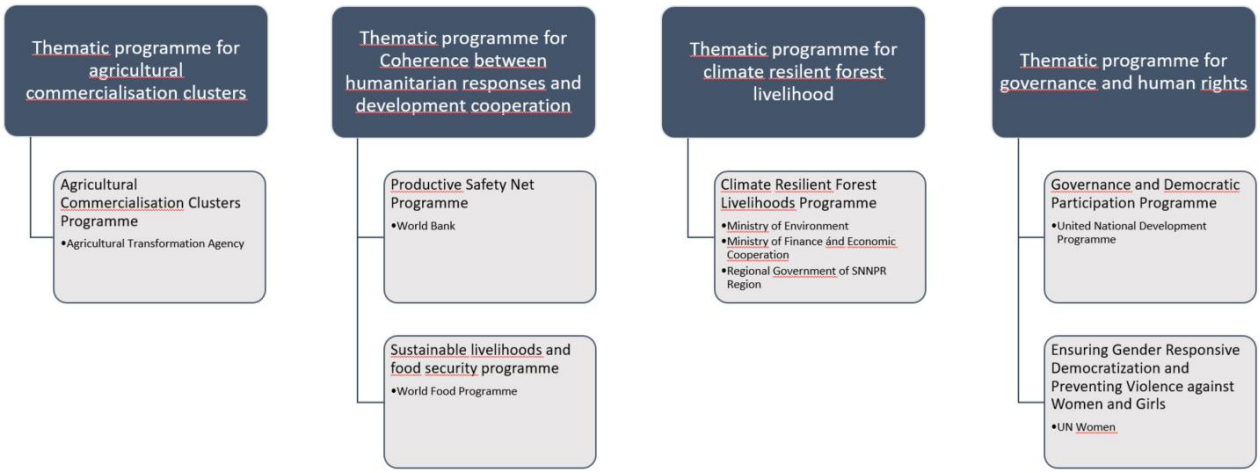
GATE	Greening of the Agricultural Transformation Agenda
GBV	Gender Based Violence
GDPP	Governance and Democratic Participation Programme
GGGI	Global Green Growth Institute
GoE	Government of Ethiopia
GTP II	Growth and Transformation Plan II (2015/16-2019/20)
IFPRI	International Food Policy Research Institute
IDP	Internally displaced people
MEFCC	Ministry of Environment, Forest and Climate Change
MoANR	Ministry of Agriculture and Natural Resources
MoFEC	Ministry of Finance and Economic Cooperation
MoEFCC	Ministry of Environment, Forest and Climate Change
MoWCA	Ministry of Women and Children's Affairs
NHRAP	National Human Rights Action Plan
OAG	Office of the Attorney General
OFAG	Office of the Auditor General
OHCHR	UN Office of the High Commissioner for Human Rights
P4G	Partnering for Green Growth and the Global Goals 2030
PMU	Project Management Unit
PSNP	Productive Safety Net Programme
PVAWG	Preventing Violence Against Women and Girls
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SDG	Sustainable Development Goal
SNNPR	Southern Nations, Nationalities, and Peoples' Region

ToC	Theory of Change
UNHCR	UN High Commissioner for Refugees
UN Women	United Nations Entity for Gender Equality and the Empowerment of Women
UPR	Universal Periodic Review
WFP	World Food Programme

1 Introduction

The raison d'être behind opening a Danish Embassy in the capital of Africa, Addis Ababa in Ethiopia, in 2004 was the political dialogue with and support for the African Union, in particular in the area of peace and security on the continent and more particular on the Horn of Africa. The multilateral engagement will now be complemented by a bilateral engagement. It happens at a strategic and opportune moment, where Ethiopia undergoes political and economic reforms. The timing of the new Country Programme is therefore unique.

The Danish Country Programme for Ethiopia 2018-2022 has its outset in the Danish Country Policy Paper for Ethiopia 2018-2022. The objective of the programme is to contribute to **inclusive, sustainable growth and improved governance in Ethiopia by supporting the vision of building a Climate Resilient Green Economy and reaching lower middle-income status by 2025.** The Country Programme consists of four thematic programmes on 1) Agricultural Commercialisation Clusters, 2) Coherence between humanitarian responses and development cooperation, 3) Climate resilient forest livelihoods, and 4) Governance and human rights. The thematic programmes embrace six development engagements. The total budget is DKK 995 mill.



The Danish Country Programme is rooted in the framework of the Sustainable Development Goals (SDGs). Ethiopia and Denmark share a strong commitment to achieving the SDGs. Ethiopia's development efforts, as reflected in its Growth and Transformation Plan (GTP II) and the Climate Resilient Green Economy Plan (CRGE), are focused on selected goals that are deemed particularly important for promoting social and economic development in the country. These selected SDGs also form the backbone of the Danish strategy for development cooperation, "The World 2030", which underlines the significant synergies in strategic development priorities between Ethiopia and Denmark.

The Country Programme supports the focus of the government of Ethiopia on the following SDGs:

SDG 1: No Poverty, SDG 5: Gender Equality and Women's Empowerment, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, and SDG 16: Peace and Justice, Strong Institutions.

Denmark has a strong interest in supporting Ethiopia's development efforts. Promoting development in Ethiopia through sustainable and inclusive growth has the potential to improve the lives of millions of Ethiopians while at the same time reducing the negative effects from climate change and limiting irregular migration flows. In addition, Ethiopia plays a stabilizing role in a volatile region characterised by armed conflicts, a rapidly growing refugee population, and radicalisation. Promoting stability within Ethiopia through sustainable and inclusive growth as well as strengthened governance and human rights has the potential to improve regional stability, which in turn impacts positively on Europe and Denmark. Moreover, supporting the reform efforts of the Ethiopian government aimed at opening key economic sectors for foreign investors could unlock the country's large potential for Danish companies and Danish expertise, e.g. within sustainable energy solutions.

The political, economic and social context in Ethiopia is rapidly changing. It requires a certain amount of flexibility. Therefore, the Country Programme is designed to be both robust and adaptive. In order to be able to respond to new opportunities or challenges, a relatively large part of the funds is kept unallocated. This will allow Denmark to await the implementation of important reform initiatives, particularly within the area of governance and human rights, and carefully select initiatives to support. In addition, the number of initial development engagements is limited in order to enable the Country Programme to pursue new opportunities, and to respond to challenges. Over the years, Denmark has built strong partnerships with key institutions and organisations responsible for promoting social and economic development in Ethiopia. The Country Programme builds on these strong and tested partners, while at the same time incorporating lessons learned from prior phases of Danish support for agriculture, resilience and climate change, as well as reengaging in the area of governance and human rights. Partners and development engagements have primarily been identified among functioning programmes or expansions of existing programmes, using multi-donor setups and joint mechanisms wherever possible.

The formulation of the Country Programme has been an incremental process, since a substantial increase in funds was made available mid-way through the formulation cycle. Initially, the financial envelope was DKK 420 mill., and the planned Country Programme consisted of three thematic programmes with one development engagement each. Following the presentation of the Country Policy Paper to the Development Council in February 2018, it was decided to add a fourth thematic programme in support of good governance. In May 2018 the Danish Government decided to increase the financial envelope to a total of DKK 995 mill. While the increased financial envelope allows for a more ambitious programme, the programming process and the formulation of a coherent Country Programme document has been somewhat challenged as engagements were added rather late in the process.

It should be noted that the number of staff at the Embassy in Addis Ababa remains the same irrespective of the increase in programme scope and funding. Therefore, alternative avenues will be pursued in terms of securing sufficient human resources to implement the programme, including a pool of international monitoring consultants.

2 Strategic considerations and justification

Economic and social development

Ethiopia is a large and diverse country with a significant potential in terms of economic development. However, at the same time the country is challenged by high poverty rates and a rapidly growing young and unemployed population. The selection of engagements and partners in the Country Programme is guided by the identification of the most significant barriers to economic and social development in Ethiopia and the partners most capable of addressing these challenges.

Ethiopia has an estimated population of approximately 100 million people, of which more than two thirds are under 30, and an annual population growth rate of 2.5 per cent (2015). More than 75 per cent of the population live in rural areas. Ethiopia's economy has been growing with an average of more than 10 per cent the last decade (10.9% in 2017), and is projected to continue growing with more than 8 per cent in the coming years. This impressive economic growth has contributed to a substantial decline in poverty[1], and the Government made significant progress towards achieving most of the United Nations' Millennium Development Goals.

However, despite the significant socio-economic progress in the last 20 years, Ethiopia remains one of the poorest countries in the world, with a gross national income per capita of 660 USD in 2016, and it continues to rank near the bottom of UNDP's Human Development Index. According to Ethiopia's Central Statistics Agency, 30% of 20-24 year-olds in urban areas are unemployed, and every year more than a million young men and women join the labour market.

One of Ethiopia's strengths is that it has a relatively solid planning framework through the Growth and Transformation Plans (GTP), presently in its second phase (GTP II: 2016-2020). The plan is closely linked to the investments carried out by the different ministries and other actors, even if the goals tend to be ambitious.

Among the GTP II goals are:

- To increase the productive capacity and efficiency to reach the economy's production possibility frontier through concurrently improving quality, productivity and competitiveness of productive sectors (agriculture and manufacturing industries)",
- To establish democratic and developmental good governance through enhancing implementation capacity of the public sector and mobilisation of public participation",
- To promote women and youth empowerment, ensure their participation in the development process and enable them equitably benefit from the outcomes of development" and
- To build a climate resilient green economy.

Ethiopia has set itself a progressive vision for the future: Becoming a lower-middle income country by 2025 through carbon-neutral growth.

[1] According to the World Bank, the poverty headcount, measured by the national poverty line, fell from 38.7 per cent in 2005 to 29.7 per cent in 2011. Low levels of inequality have been maintained with the Gini coefficient remaining stable at around 0.30.

Political and economic reforms in Ethiopia

The appointment in April 2018 of the new Prime Minister, Abiy Ahmed has dramatically changed the political landscape of Ethiopia and has created a unique opportunity for international partners to engage with the Ethiopian government on an ambitious reform agenda.

Dr. Abiy has put two key concepts at the forefront of his political reform agenda: "medemer" which in short is a call for unity and open discussion and debate and "Ethiopianism", i.e. the idea that there is an Ethiopian identity over and above the ethnic identities. He has swiftly implemented a series of political actions: thousands of political prisoners have been released; the notorious Maekelaw jail has been closed down; a series of organisations labelled as "terrorists" have been legalised; and many opposition figures have returned from abroad. The state of war with Eritrea has ended, and the two countries have sealed a swathe of agreements, restoring diplomatic relations, flights and telecommunications, as well as allowing Ethiopia's use of Red Sea ports.

The Prime Minister has signalled major economic reforms, stating that the Government's control of the economy will be relaxed, that monopolised sectors as e.g. telecommunication and banking will be opened up for competition, that stakes in state-owned companies will be sold, among these Ethio Telecom and Ethiopian Airlines, and the logistics sector has been opened to allow foreign companies to set up joint ventures with Ethiopian companies.

The Prime Minister has initiated as series of legal reforms, including revisions of very restrictive laws governing CSO's, media and legal counsel, as well as the anti-terror proclamation. The initiation of reforms related to the economy, but particularly to democratic participation and civil society, have been central to the changes made to the Country Programme during programming. However, the speed of change means that the political context is also volatile and unpredictable.

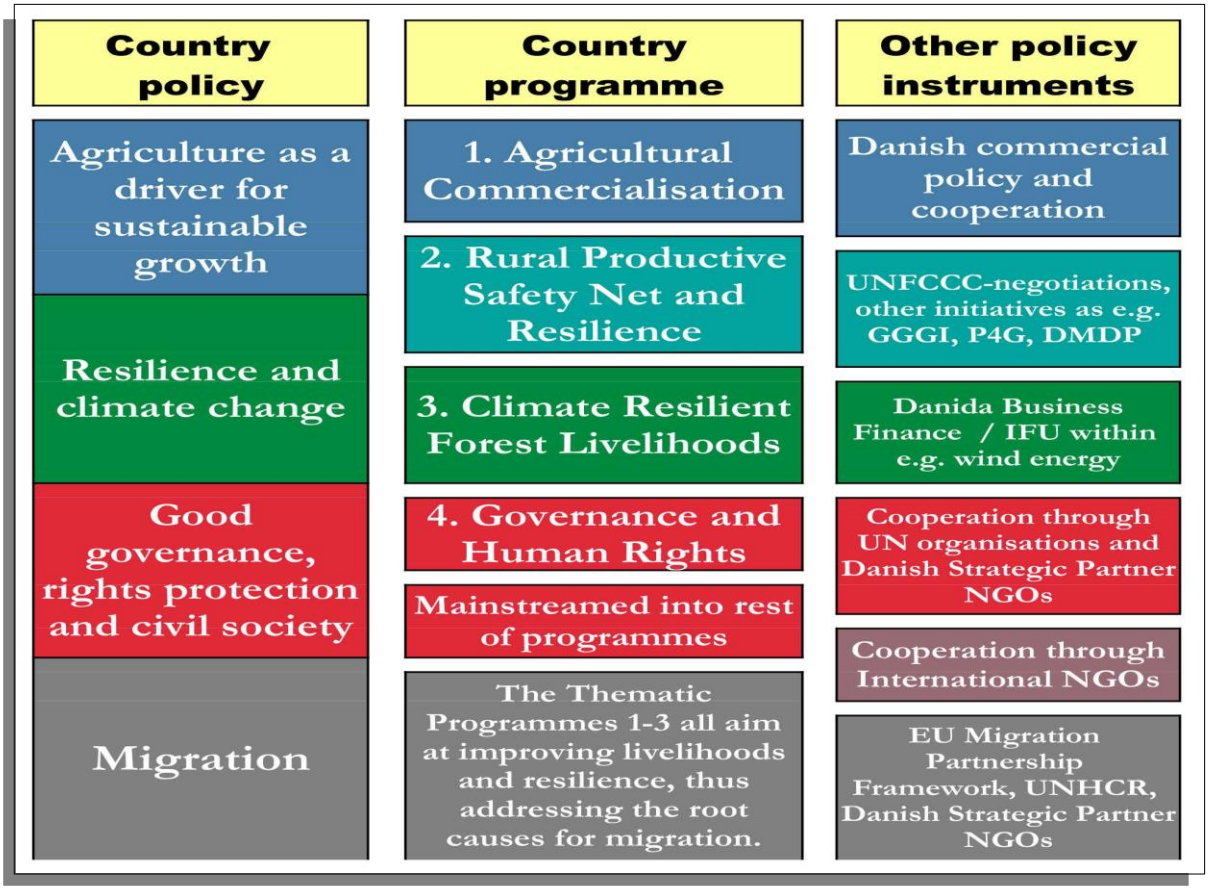
Overall strategic objectives

The *Country Policy Paper* for Ethiopia (2018-22) has as its vision: "*A more stable, secure, and prosperous Ethiopia advancing towards increased freedom, democratic space, and respect for human rights, based on sustainable, inclusive development, thus addressing the root causes for migration.*" It identifies four strategic areas of intervention, where Denmark and Ethiopia have shared interests, and where Denmark has particular interests: (1) Commercialisation and economic opportunities within agriculture; (2) Climate Change: green energy and resilience; (3) Good governance, rights and civil society; and (4) Sustainable solutions in relation to refugees and migrants.

Denmark will promote and engage in these strategic areas through a multitude of different instruments, of which the Country Programme is one. Other tools include bilateral political dialogue, multilateral political dialogue and cooperation with the AU and its regional institutions, humanitarian aid and strengthening of resilience through the UN and strategic partnerships with Danish CSO's, policy dialogue on migration and projects funded through the migration funds, IFU/Danida Business Finance, Danida Market Development Partnerships, combat of money laundering and illicit financial flows, Techvelopment, and increasingly Global Public Affairs (GPA).

It is envisioned that the variety of tools will complement each other and reinforce and deepen Denmark's partnership with Ethiopia. It is also the ambition that the Country Programme can stimulate and serve as the impetus for increased trade and investment in areas such as renewable energy. For an overview of the Embassy's engagement in Ethiopia and the region, see Annex 10.

The figure below illustrates the relation between the four intervention areas of the Country Policy and the Country Programme.



Danish strengths, interest and opportunities

Danish priorities for development cooperation as outlined in Denmark's strategy for development cooperation and humanitarian action, '*The World 2030*', have shaped the objective of the Country Programme. In particular, Denmark's strategic focus on promoting development through inclusive, sustainable growth, including by addressing the negative consequences that climate change has on living conditions, and addressing root causes for migration is reflected in the selection of thematic programmes in the Country Programme.

Denmark has a strong voice among international partners on the engagement of youth and the promotion of rights of women and girls. Consequently, this strategic focus cuts across all four thematic programmes. Denmark will give high priority to these crosscutting topics in the monitoring of the programme and the dialogue with the partners.

The Government of Ethiopia's commitment to increasing domestic investment and economic reform is likely to result in *opportunities* for Danish businesses especially in transport, logistics and green energy. In addition, the Danish Embassy in Addis Ababa will take steps to ensure that the strong Danish knowledge base is involved in the implementation of the programme, particularly within areas such as climate change mitigation and adaptation, climate smart agriculture, as well as governance, anti-corruption and human rights.

Inclusion of lessons learned

The programme consists of a continuation of three ongoing development engagements, two partly new engagements (in the Governance and Human Rights thematic programme) and one new engagement with WFP enhancing resilience amongst refugees and communities hosting refugees.

The ongoing engagement with the Agricultural Transformation Agency (ATA) has showed that it is a professional and efficient organisation, but that the engagements with different development partners earmarking specific areas implied that management, monitoring and reporting became rather complex. Based on recommendations from the inception review of the current engagement, the programme now moves towards non-earmarked funding in close coordination with the Netherlands, Norway, Bill and Melinda Gates Foundation, EU and possibly other development partners. Furthermore, ATA has hitherto been too focused mainly on increasing production and productivity, paying insufficient attention to the strengthening of commercialisation and market linkages. The Agricultural Commercialisation Cluster programme is aimed at overcoming this constraint.

The experience with the Productive Safety Net Programme (PSNP) has generally been positive, but the separation of roles between PSNP and humanitarian aid has implied duplication of work and some incoherence and inefficiencies. The integration of these two lines of action into the PSNP in the future is thus one of the objectives of the present phase of the programme (PSNP 4), and this is likely to remain the case for the next phase (PSNP 5). The integration of the two lines of action is also central to the new engagement with the World Food Programme (WFP), which will cofinance an expansion of an ongoing programme supported by the Swedish Cooperation (SIDA), presently in the inception phase, aimed at improving food security and resilience amongst refuges and their host communities, thus supporting the GoE's roll out of the UN's Comprehensive Refugee Response Framework (CRRF).

Previous cooperation with the Ministry of Environment, Forests and Climate Change (MoEFCC) for the promotion of climate resilient livelihoods in the Kaffa Biosphere Reserve has shown good results, but progress has been slow, and the setup has therefore been changed for the present programme, with emphasis on a more direct cooperation with the Regional Government and alignment with standard government financial and reporting procedures.

The Governance and Human Rights programme builds on earlier Danish experiences supporting UNDP (in the area of elections) and UN Women (preventing and responding to GBV) and seeks to capitalise on the potential for governance reform, increased gender equity and the opening up of space for civil society.

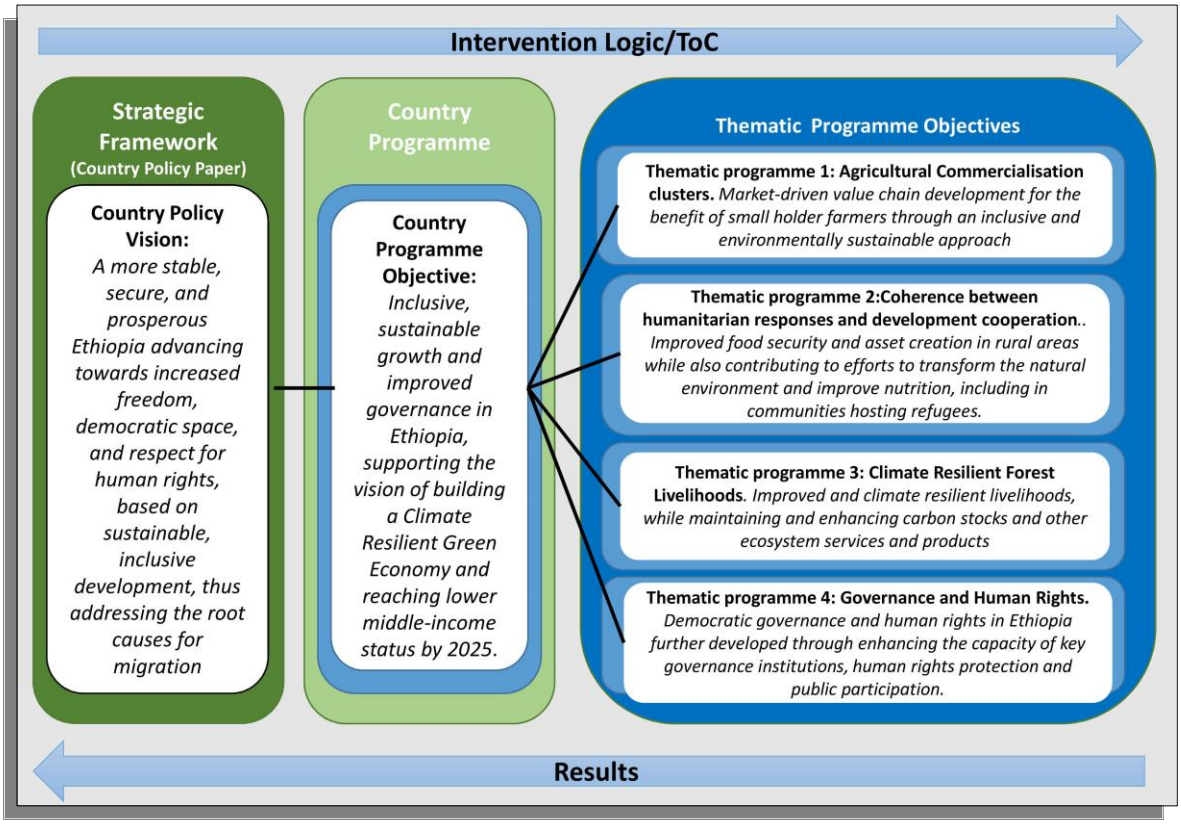
Justification and programme results framework

The main Sustainable Development Goals (SDG) that the present programme aims at are: SDG 1: No Poverty, SDG 5: Gender Equality and Women's Empowerment, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, and SDG 16: Peace and Justice, Strong Institutions. The thematic programmes contribute directly to the overall strategic priorities of the Country Policy for Ethiopia, and by improving livelihoods and resilience, including in communities hosting large groups of refugees, they also enable and strengthen the hum-dev nexus and address the root causes for migration. All programmes build on past experiences with Danish support and cover areas where the Danish knowledge base is strong while working together with like-minded donors through joint instruments.

As agriculture is the dominant economic activity in Ethiopia and the country is highly vulnerable to climate change, particularly in rural areas, better economic opportunities within agriculture and resilience to climate change are the two central justifications for three of the four Thematic Programmes (the Agricultural Commercialisation Clusters, the Coherence between Humanitarian Responses and Development Cooperation and the Climate Resistant Forestry Livelihoods). There is at the same time an urgent need to improve governance, as corruption, human rights abuses and severe constraints on civil society have endangered the perspectives for a more inclusive and stable development, although, as previously noted, there are important steps being taken by the Ethiopian leadership to improve these areas. As the governance sector is rapidly evolving, Thematic Programme 4 has been designed to be more flexible and responsive, with unallocated funds of 90 million DKK for possible engagement in support of civil society development, the national elections in 2020 and other priority areas for the GoE and Denmark.

Two key assumptions are that the progressive reforms now underway will be maintained and that socio-economic and political unrest will not derail the development of the country. Neither assumption can be taken for given. An analysis of the various scenarios likely to unfold in the near and middle-term concludes that the situation is marginally more likely to be positive (see *Scenarios*, below).

The overall *Results Framework* is illustrated in the below figure. The Embassy will make use of the Annual Portfolio Performance Report as the basis of the annual results dialogue with MFA Copenhagen:



Synergies between humanitarian and development assistance

Ethiopia is historically a recipient country of considerable humanitarian aid, mainly related to the recurrent droughts. Even though the country has been steadily recovering from the devastating

2015/2016 and 2017 droughts, it is estimated that 7.8 million people will require food assistance in 2018. Because of its position in a very unstable region, the country currently hosts more than 900,000 refugees, who also are in need of humanitarian aid.

The most important programme to keep people out of extreme poverty is the PSNP and there is an ongoing effort to integrate this productive safety net with the humanitarian aid so it can scale up activities in case of external shocks such as droughts. It is expected that the PSNP together with the Agricultural Transformation Agenda and the Climate Resilient Green Economy Strategy will contribute to making the country more resilient and make the calls for emergency humanitarian aid less frequent over time.

Human rights based approach

The Government of Ethiopia has ratified numerous human rights conventions, has adopted a human rights based constitution, and established a National Human Rights Commission and an Ombudsman institution. In October 2013, the National Human Rights Action Plan (2013-2015) was launched. The 2nd Universal Periodic Review (UPR) by the UN Office of the High Commissioner for Human Rights (OHCHR) in 2014, led the Government to approve a second version of the plan in December 2016, which provides detailed directions for undertaking human rights-centred development activities and strengthening human rights institutions. According to the follow-up from OHCHR, the Government has "*taken measures to successfully implement the UPR recommendations, including additional legislative measures to further strengthen the institutions that play a central role in the protection and promotions of human rights*".

However, prevalent human rights challenges exist, including violence and societal discrimination against women, female genital mutilation, abuse of children, human trafficking, societal discrimination against persons with disabilities, abuse in detention and by security forces, harassment of persons based on their gender, identity and sexual orientation, and limits on workers' rights, forced labour, and child labour, The civil society law which imposes strict limitations on civil society funding and public discussion of human rights issues, led to diminished civic participation and a reduction in the number and capacity of civil society organisations.

Since 2015, public dissatisfaction with a range of political, economic and social issues (particularly ethnic marginalisation and forced displacement due to urban expansion) fueled civil disturbances from ethnic Oromos and Amharas (who together comprise two thirds of the population). The prolonged state of emergency from 2016 to 2017 was accompanied by considerable limitations in freedom of assembly and expression, which led to further shrinking of civil and political space and gave rise to further protests.

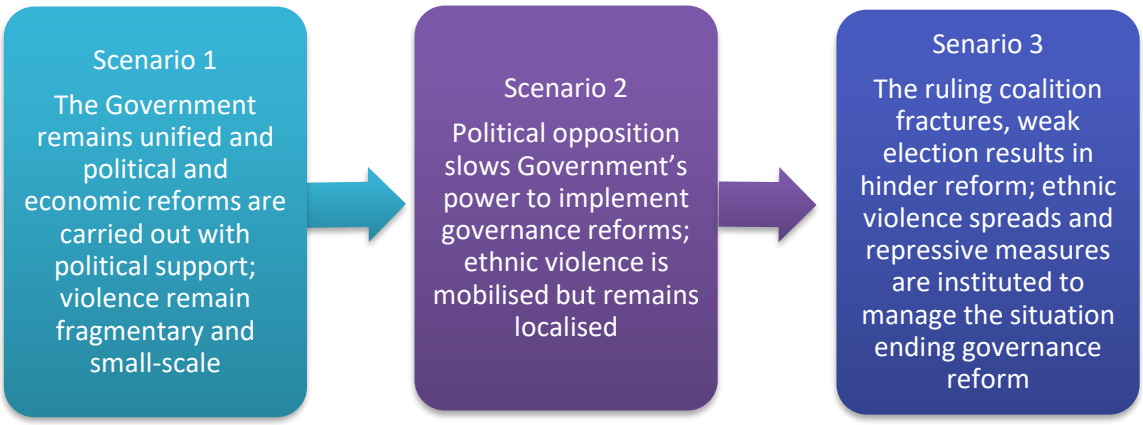
Summary of the risk analysis

The main *contextual* risk for the programme is the volatile social and political situation in the country. This is not only a function of changes brought about due to the new Prime Minister's reforms. The ruling coalition is under pressure and may fracture, and may in turn widen existing ethnic fractures in the country. For example, in September 2018 ethnic violence and the security forces' response led to dozens of people being killed in and around Addis Ababa - the first time such conflict reached the capital. This starkly illustrates how pressures that have been contained through repressive measures may be violently released unless effectively managed. Such risks cannot be mitigated by the Programme, but the likely impact and response has been considered through scenario planning, described below.

Within this context of uncertainty, another risk is that the country's priorities may change in the future and that parts of the programme become less relevant. However, it is considered that even with changes in government, the productive safety net, the development of small-holder agriculture and the protection of the forests are likely to remain at the top of the political agenda, particularly if the changes are within the party presently in power. There may come some changes in the institutional framework, but the programme has the flexibility to adjust to that. The greatest risk is to the Governance and Human Rights Thematic Programme, which is reliant to a greater extent on an enabling political environment. However, the strong relationships and track record of UN Women and UNDP working with the Government in earlier phases of programming suggests that the capacity to respond to such risk is available, hence this risk poses little threat to the Programme. Although support to civil society is a priority for Denmark, there are *programmatic risk* that CSOs are unable to absorb the funds. As there are limited multi-donor vehicles for CSO support, the Programme has taken a cautious stance to engage in this. The UNDP and UN Women programmes both have elements of civil society support, but further funding in this area can be made available from the unallocated funds once it becomes clearer how this risk can be managed.

Scenarios

The Country Programme is being developed in the midst of major transition. The Prime Minister's ability to deliver on his proposed reform agenda is dependent on numerous factors, including possible fractures among the ruling coalition, regional and national elections in 2019 and 2020, continued ethnic disputes, and pressure for visible change among the population. The analysis points to three potential scenarios, with scenario 1 (positive) being marginally more likely than scenario 2 (neutral).



Scenario 2 is described as neutral as it closely reflects the situation at the time of drafting the Programme document. Scenario 3 is considered least likely currently. The reforms seem to be proceeding as planned, but close attention to political developments will be required to update this analysis on a regular basis. The Embassy's Programme Committee will serve as a vehicle to that effect. The scenarios have the following features:

Scenario 1 (positive): The government-led coalition maintains political and economic power, while economic progress improves living conditions for the population, and further reforms

continue that consolidate the course towards the status as a lower middle-income country. The ruling coalition largely unifies behind the Prime Minister, the legislative reform package is implemented removing restrictions on CSO's and the media. Public support for the PM is strong, and elections in 2019 provide a strong mandate from all regions. Ethnic violence diminishes and social cohesion increases.

Scenario 2 (neutral): The PM maintains public support but inability to revise electoral law and voters lists in line with opposition demands undermine legitimacy of the elections among some sections of the population. Legislative reform is implemented slowly. Political violence escalates around the elections including along ethnic lines, leading to more internal displacement, but remains relatively contained and local. Law enforcement authorities are able to maintain control without excessive use of force. Pace and scope of governance reform is slowed in some areas, as repressive measures are used in response, but civil society and media remain able to operate. The economy remains stable.

Scenario 3 (negative): The ruling coalition splinters and elections do not deliver a strong mandate to the Prime Minister, thereby weakening his position. Reforms do not live up to the population's expectations, leading to widespread social and political unrest and to ethnic and local conflicts reaching a level that threatens the country's stability and cohesion. Heavy security measures or a State of Emergency is declared, in order to maintain control leading to greater controls on freedom of expression, and a clampdown on critical voices.

Implications for Programming: Programmes with strong technical dimensions, in particular TP1, TP2 and TP 3, are unlikely to be affected at *thematic programme level* by any of the three scenarios described above. However, TP 2 would become more relevant in scenario 3, as displacement increases. These are all large-scale engagements that can relatively easy switch locations at *activity level* if conflict increases. Moreover, partners have a track record of managing operations during periods of political turbulence in the past. The thematic programme on Governance and Human Rights is the one most at risk, as it relies on sustained political support for the protection of human rights, the fight against corruption, and the opening up of space for civil society. However, the engagements have been selected to provide scope to adapt and respond if the context changes in either direction - positive or negative. Both engagements within the Governance and Human Rights programme have been designed within the existing (repressive) legal framework but will easily adapt to the changed operating environment if law reform measures are passed. The engagement with UN Women has been designed to be responsive to emerging windows of opportunity, which would enable a greater rights-focussed approach to combating violence against women. In a negative scenario, both engagements would be able to proceed, with operational adjustments. Both UN Women and UNDP have a long track record of working with the Federal and Regional governments and it is considered likely that this positive interaction would continue, even if major political changes should occur.

Moreover, unallocated funds will be prioritised for governance interventions to enable more support to be targeted to areas where needs arise. In this context, the Mid-term Review plays an important part in ensuring that the Programme is responsive to developments so that, if a more negative scenario develops, unallocated funds may be re-directed to one or more of the other Thematic Programmes. If the most extreme version of scenario 3 emerges, it is likely that emphasis would move towards stabilisation and national cohesion, so that funds might need to be re-programmed.

Challenges and opportunities

The on-going positive political changes provide a significant window of opportunity for the new Country Programme to support sustainable change in Ethiopia. This will require ongoing identification, monitoring and promotion of key drivers of change, particularly within the governance area. At the same time, rapid transformation is likely to create instability and unleash unpredictable social and political pressures. Existing tensions such as the always-present land issue and the ethnically based divisions of power create a considerable risk of fragmentation especially if instrumentalised by spoilers with an interest in destabilising the leadership.

Beyond its internal challenges, Ethiopia is a country surrounded by instability. Turmoil in neighbouring countries (Somalia, South Sudan and Eritrea) has resulted in Ethiopia hosting the largest number of refugees in Africa and becoming an important transit country for migrants and refugees heading for Europe. The country is itself traditionally an important source of temporary or permanent migration, particularly to the Middle East. Ethiopia is a key partner in the EU Migration Partnership Framework, aimed at addressing the challenges of migration management, as well as supporting returns and better border management. Other impacts of regional instability include money laundering, smuggling of weapons and drugs, and trafficking of people. The ending of the conflict with Eritrea has the potential to reduce tensions in the region, but other challenges remain.

Ethiopia's faces several economic challenges. It is a predominantly rural country, dependent on agriculture with rapid population growth that puts a pressure on the limited amount of arable land, particularly in the highlands. The Government strategy is on one hand to increase the productivity in agriculture, and on the other to achieve a process of rapid industrialisation and urbanisation. The flagship programme to increase productivity in the agricultural sector is the Agricultural Commercialisation Cluster under the Agricultural Transformation Agenda, supported by the Country Programme. To promote industrialisation, an ambitious investment plan in infrastructure and industrial parks is under implementation, aiming at attracting foreign investors to the country, and creating jobs, especially for youths.

Climate change poses a serious challenge to the country. Ethiopia has designed a carbon neutral Climate-Resilient Green Economy Strategy (CRGE) and has substantial potential for carbon sequestration through increased forest coverage, reforestation, conservation of forest coverage and electricity generation from renewable sources. Denmark is presently supporting the protection of natural forest reserves and wind energy sector, including the construction of a major wind farm through IFU/Danida Business Finance.

Programming and appraisal process

The Country Programme was programmed in several phases. In the first phase, the financial envelope was DKK 420 million, and the planned Country Programme consisted of three thematic programmes with one development engagement each. Following the presentation of the Country Policy Paper to the Development Council in February 2018, it was decided to add a fourth thematic programme in support of good governance with the financial frame unchanged.

In May 2018, after the TQS led appraisal had started, the Danish Government decided to increase the financial envelope to a total of DKK 995 million. As a result, the Embassy decided to increase the financial contribution to two of the already programmed engagements (ATA and PSNP), to add two new engagements (World Food Programme and UN Women), and to broaden the scope of the governance and human rights programme.

While the increased financial envelope allows for a more ambitious country programme, the programming and quality assurance process has been somewhat challenging. The two new engagements were still in very early stages when the appraisal took place and will therefore be appraised separately in agreement with TQS. The increased financial contributions to ATA and PSNP will be subject to further quality assurance. For ATA, an inception review has been agreed, while PSNP will be re-appraised when the programming of the fifth phase (PSNP 5) is concluded, which should align with the comprehensive mid-term review of the country programme in 2020.

The final Country Programme Document differs in four respects from the version reviewed by the Appraisal Team: 1) the addition of two engagements, 2) a larger financial envelope, 3) a broader scope of the governance programme 4) the addition of significant un-allocated funds set aside to respond to new opportunities during the implementation of the programme.

Aid effectiveness

The programme is closely aligned to the priorities of the Government of Ethiopia, as they are expressed in the GTP II and in the Climate Resilient Green Economy Strategy. Reflecting the priorities in the GTP II, the main financing is directed towards the agricultural sector and rural livelihoods. Three of the four thematic programmes are co-financed by the Government of Ethiopia and other developments partners – the exception being the Climate Resilient Forest Livelihoods programme. Two of the Development Engagements (Agricultural Commercialisation Clusters and Social Safety Network and Resilience) are providing core funding for national development programmes.

The implementation of PSNP is closely coordinated between the Government and the development partners. For the support to the Agricultural Commercialisation Clusters through ATA, there is a need for better donor coordination, which will be an important issue for the dialogue between ATA and the Danish Embassy, in close cooperation with other likeminded development partners. In the case of the Climate Resilient Forest Livelihoods programme, a Norwegian REDD+[2] financed initiative is forthcoming, and harmonisation with this programme is foreseen. The Governance Thematic Programme includes support to a multi-donor programme implemented by UNDP (the *Governance and Democratic Participation Programme* – GDPP), while support to the combat of violence against women and girls, and to civil society will be implemented by UN Women. The Development Engagement with WFP (*"Sustainable Livelihoods and Food Security Programme for Refugee and Host Populations in Ethiopia"*) will be co-financed with Sweden (SIDA).

Communication of programme results[3]

The Embassy's overall communication goal for the Country Programme is to increase awareness of Denmark's development cooperation with and in Ethiopia, in particular Denmark's support to Ethiopia's vision of reaching lower middle-income status by 2025.

The Embassy will make the development cooperation between Denmark and Ethiopia more understandable, accessible, and tangible by exemplifying its relevance and impact, so that a larger

[2] REDD+: Reducing emissions of greenhouse gases from deforestation and degradation

3 Annex 7 describes in detail the overall Communication Strategy outlining objectives, target groups, communication platforms, timing, and resources.

share of the Danish and Ethiopian populations has an informed opinion on the responsibility Denmark assumes for achieving the SDGs.

The point of departure for all communication initiatives will be to communicate key political and programmatic priorities, programme results and impacts. As the Country Programme is designed to contribute to the achievement of the Sustainable Development Goals (SDGs) and in support of the implementation of the Danish strategy for development cooperation, "The World 2030", these policy frameworks will guide the communication efforts. Selected SDGs combined with a cross-cutting focus on engagement of youth and the promotion of rights of women and girls constitute the priority focus for the communication strategy.

In choosing these objectives, the Embassy will contribute to the overall communication efforts of *The World 2030*, in particular within the thematic area of inclusive, sustainable growth, and youth. The Country Programme has set aside a budget of DKK 2 million for communication as part of the programme management.

Budget
The overall budget for the programme is DKK 995 million. Additional details can be found in the Thematic Programmes and in annex 4.

Overall budget	Budget in DKK million
Thematic Programme 1: Agricultural Commercialisation Clusters	**350.0**
Thematic Programme 2: Coherence between humanitarian responses and development cooperation	**450.0**
Thematic Programme 3: Climate Resilient Forest Livelihoods	**45.0**
Thematic Programme 4: Governance and Human Rights	**40.0**
Unallocated funds	**90.0**
Programme management	**20.0**
Total budget, Country Programme 2018-2022	**995.0**

3 Thematic programme 1: Agricultural Commercialisation Clusters

3.1 Strategic considerations and justification

Context

Most of Ethiopia's population lives in rural areas and agriculture is the dominant sector of the country's economy, representing over 37 per cent of GDP, as well as being the main source of income for more than 79% of Ethiopians, and constituting 84% of exports. However, Ethiopia is not realising its full agricultural potential, as the sector is dominated by small holder (less than 2 hectares of land) subsistence-oriented farming. The Government, supported by the Bill & Melinda Gates Foundation (BMGF), conducted diagnostic studies that identified the systemic bottlenecks that hindered Ethiopia from using its potential and attaining growth. The Agricultural Transformation Agenda is set as the vehicle to address bottlenecks in the agricultural sector with clear deliverables. GoE also set up the Agricultural Transformation Council that is led by the Prime Minister and Regional presidents at national to regional level to closely oversee the implementation of the Agricultural Transformation Agenda. In addition, the Agricultural Transformation Agency (ATA) a time-bound organization (15-20 years) was established in 2011 to catalyse and drive accelerated agricultural transformation through leading and coordinating the implementation of the agricultural transformation agenda. The ATA works with a range of partners to identify systemic constraints and recommend solutions, support implementation of prioritized interventions as per the recommendations, build capacity in critical areas, including establishing strong linkage and coordination, manage and lead projects of specific deliverables, when there is no natural implementer.

During the GTP I period, the focus of ATA was to increase agricultural production and productivity, which the ATA delivered successfully. ATA introduced new technologies to 4.4 million smallholder farmers, who have applied these technologies on nearly 2.2 million hectares of land. Between 2004 and 2014, an increase of average yield per hectare by 1.1 MT and total cereal production by 10.3 million MT respectively was achieved. However, this considerable increase in productivity and production was not complemented by increase in aggregation, marketing and processing leading to market destabilization and post-harvest loss. Henceforth, the role of the ATA has gradually shifted emphasizing towards higher-value crops and a greater focus on market orientation as well as addressing emerging issues such as the need for agricultural mechanisation, nutrition-sensitive agriculture, and rural youth employment. The Agricultural Commercialisation Clusters (ACC) Initiative has also been introduced to promote favourable policies and investments to catalyse agriculture commercialisation and growth including continuing the increase in production, through creation of market linkages, value addition and income generation. The ATA has become the strategic coordinator that oversees the implementation of the ACC.

National priorities/ challenges

Although Ethiopia is endowed with 18 major and 49 sub agro-ecological zones and productivity and production is increasing, agricultural produce is limited in diversity and about 10% of the population remains food insecure. In addition, only 30% of total agricultural production is marketed (2016) and the country is utilising only 41% of its agro-processing capacity. Therefore, accelerating and sustaining growth in the agricultural sector through a significant shift in agricultural productivity and commercialisation is on the top of the agenda of the GoE.

ACC is a multi-stakeholder initiative including government, private sector, CSOs as well as other public, private and development sector actors along the selected nine key commodity value chains

(wheat, maize, malt barley, sesame, tomato, onion, banana, mango and avocado) that seeks to improve the design and coordination of the interventions. The initiative also brings together diverse funders and represents approximately 70% of ATA's total budget and account for over five million smallholder farming households and over 75% of the country's crop production. The ACC also has a geographically focused approach currently implemented in four regions, namely Tigray, Amhara, Oromia, and Southern Nations, Nationalities, and Peoples' Regions (SNNPR) in 217 woredas (districts) grouped in 24 clusters. Each of the 24 clusters focuses on at least one commodity value chain selected as a priority key commodity.

Relevance, impact, effectiveness, efficiency, and sustainability

Relevance: ACC addresses key challenges and priorities identified in the GTP II and the agricultural transformation agenda. Ethiopia's economy is heavily reliant on agriculture and more than 79 million people in Ethiopia rely on agriculture for their livelihoods. Many opportunities and barriers for unleashing its growth potential exist and the programme will contribute to utilizing the opportunities and addressing the barriers to stimulate the creation of an enabling environment for private sector development. The Thematic Programme contributes to SDG 1 (no poverty) and SDG 8 (decent jobs and economic growth).

Impact: There is already an emerging impact from ATA's interventions, in increased agricultural production and improving smallholder farmers' livelihood, which have been ongoing since 2011. Growth in the agricultural sector has already contributed to poverty reduction and continued roll-out of the transformation agenda is expected to contribute to further poverty reduction. ATA pursues an inclusive approach and the impact is expected to be balanced, ensuring a considerable attention to youth and women as well as environmental matters.

Effectiveness: The projects promoted by ATA including the ACC Initiative have already shown convincing progress and results not only in increasing production but also creating market linkage and commercialisation, which ATA is monitoring and documenting. The establishment of value chain alliances and dialogue forums with the development partners and the associated transparency in the implementation of interventions is expected to contribute to the effectiveness of the programme addressing challenges in a timely manner.

Efficiency: ATA and its ACC Initiative constitute a vehicle for approximately 10 development partners' and implementers' coordination. A large share of ATA's interventions are implemented though sub-grants to partners, awarded based on competitive calls for proposals (accounting for about 30% of ATA's total budget), promoting competition, including on the cost of implementing interventions.

Sustainability: ATA itself is established as a temporary institution, which will be phased out by 2030, thus the sustainability of the programme is secured through the capacity built at farmer and service provider level. ATA collaborates with regional and local government institutions, NGOs, and the private sector, where capacity is built to continue the cooperation along the value chains.

Danish strengths, interest and opportunities

Modern agriculture backed by ICT, which is the strength of Denmark, is also of great interest to Ethiopia especially in the ACC. Partnerships for Global Goals and Green Growth (P4G), the Danida Market Development Partnerships (DMDP) and Danida Fellowship research grants will

be used as a platform to create partnerships and encourage Danish private sector engagement in Ethiopia.

Justification of choice of partners

ATA is mandated by the Government to coordinate and lead the implementation of the agricultural transformation agenda including the ACC Initiative. ATA maintains an international standard and has demonstrated its ability and willingness to work across sectors with a diversity of stakeholders including different line ministries, agencies, and regional governments and increasing their implementation capacity as well. ATA and its four regional offices are well placed to support the implementation of ACC in the regions. Furthermore, ATA enjoys high-level political support from the Government at both federal and regional levels, including regular direct consultation with the Prime Minister and recently got an increase in its budget allocation from GoE.

ATA has proved to be a reliable partner in the implementation of the Greening of the Agricultural Transformation Agenda (GATE) programme (see below). Although, interruptions and delays were experienced because of demonstrations and clashes in the country, including frequent restructuring and change of government officials in the past two years, ATA has managed to achieve remarkable results in a number of areas: accelerated and timely input provision made possible by input voucher system and e-voucher system, access created to timely and accurate information through the interactive voice messaging, increase in irrigated agriculture, mapping of shallow ground water made possible, and reduction of post-harvest loss and market stabilisation because of support to the cooperative storage project.

Integration of lessons learned

The first phase of the Danida engagement with ATA (2015-2018) regarding the GATE programme progressed well with emerging results and innovative approaches to delivering against the agricultural transformation agenda. Although most of the interventions that have brought positive results, including the e-voucher system, interactive voice messaging and cooperative storage and farmers service centres, are already incorporated in the ACC initiative, a review is planned at the end of 2018 to document and further integrate the lessons from the implementation of the GATE activities. An ongoing Institutional Audit of ATA will also show possible need for changes in the implementation modality from the GATE programme e.g. sub-grant management and the design of the joint programming mechanism.

Human Rights-based Approach and gender

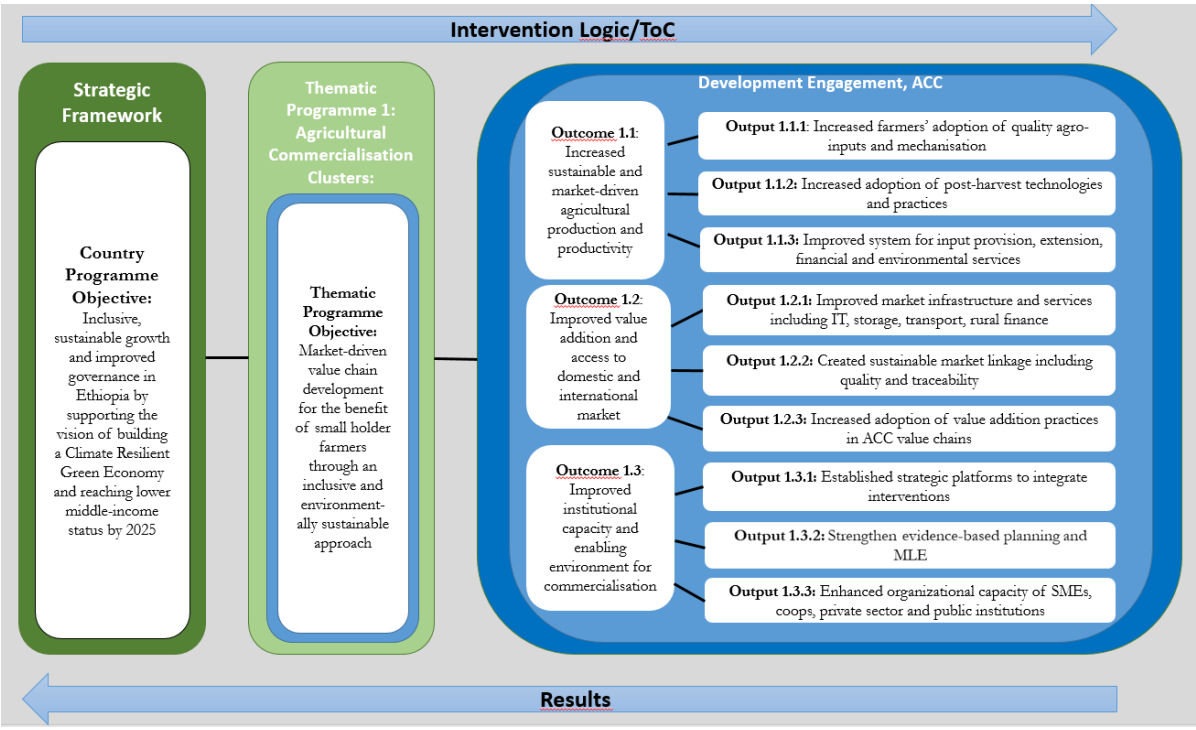
ATA promotes key human rights principles in its support to the agricultural sector, i.e. (i) non-discrimination, (ii) empowerment of target communities and broad stakeholder participation, (iii) ensuring minimal negative social and environmental impacts related to the transformation process, (iv) transparency, and (v) internal accountability. In addition, ATA has a strong focus on inclusion and gender equality in its work and has recently developed a very elaborate set of gender mainstreaming guidelines. The Embassy's monitoring of the programme and the dialogue with ATA will enable that these human rights principles are included and applied in the implementation of the ACC.

The Theory of Change

The theory of change hypothesis and key assumptions for the thematic programme Agricultural Commercialisation Clusters are:

The ACC will be stimulating inclusive and environmentally responsible, market-driven value chain development in the nine selected commodities, i.e. both the supply and demand sides as well as the enabling environment. This in turn will provide smallholder farmers with better opportunities for increasing their production, and sales combined with more value addition through private sector engagement and investment. As a result, smallholder farmers including youth and women will have increased income and more and better livelihood and development of environmentally sustainable agriculture ensured.

The main assumptions are that Ethiopia will remain relatively economic and politically stable, that ATA will remain in a favourable position to implement the ACC initiative, and that ATA maintains its inclusive approach to reaching the target beneficiaries in a sustainable manner.



3.2 Thematic Programme summary

Thematic programme objective

The objective of the ACC is: Market-driven value chain development for the benefit of small holder farmers through an inclusive and environmentally sustainable approach.

Short summary of development engagement

Three outcomes have been designed to support the objective, namely:

1. Increased sustainable and market-driven agricultural production and productivity
2. Improved value addition and access to domestic and international market
3. Improved institutional capacity and enabling environment for commercialisation

The first outcome focuses on the supply side of the value chain. In the first years of operations of ATA, this area has seen most attention and promising results achieved. The formulation of the ACC Initiative brought a more holistic approach to value chain development with stronger consideration of the demand aspects and market led agricultural production with the aim of meeting market needs addressing both quality and quantity issues. A more holistic approach to

value chain development with stronger consideration of the demand aspects is recognised in the formulation of the ACC programme. Hence, the second outcome addresses market access and the demand side of the value chains. This implies a stronger focus on market linkages, cooperation with larger buyers and establishment of out-grower models, as well as creating links to international markets. The third outcome focuses on institutional capacity building and the creation of an enabling environment. ATA is a time bound organization that needs to build both the policy and implementation capacity before phasing out. Therefore, institutional capacity building for better policy analysis and strategy development including creating platforms from national to local levels (Value Chain Alliances) to furthering dialogue along the value chains and engaging with regional and national transformation councils is important. Thereby barriers and challenges in the market systems identified at local level will be presented to the relevant stakeholders, including at highest level when necessary.

Results framework

Project title		**Agricultural Commercialisation Clusters**	
Thematic programme objective		**Market-driven value chain development for the benefit of small holder farmers through an inclusive and environmentally sustainable approach**	
Impact Indicator		**Percentage increase in the incomes of Small Holder Farmers in the ACCs (increase over the 2016 baseline)**	
Baseline	Year	2016 2019	ETB 10.046 (baseline year) 10% (increase over the 2016 baseline)
Target	Year	2022/23[4]	66% (increase over the 2016 baseline)
Outcome 1		**Increased sustainable and market-driven agricultural production and productivity**	
Outcome indicator		Increase in yield (total productivity) for selected value chains of agricultural commodities (disaggregated by male and female led households, commodities and geographies)	
Baseline	Year	2017/19	24.5 Quintals per hectare (Central Statistics Agency)
Target	Year	2022/23	35.9 Quintals per hectare (ACC Plan)

4 The final year of the results framework is 2022/23 as the reporting follows the Ethiopian fiscal year that starts on 8th July of and ends 7th July the following year.

Outcome 2		Improved value addition and access to domestic and international market	
Outcome indicator		Percentage increase in value of value added commodities	
Baseline	Year	2019	38% (any value added activity in IFPRI report)
Target	Year	2022/23	50%
Outcome 3		Improved institutional capacity and enabling environment for commercialisation	
Outcome indicator		Policies, strategies, and regulations and infrastructure, including on Climate Smart Agriculture (CSA), strengthened at federal, regional and local levels (for early warning of climate shocks, enforcement of environmental compliance, agro-meteorology information generation, etc.)	
Baseline	Year	2019	5 identified policy areas
Target	Year	2022/23	5 policy recommendations (achieved and completed)

Choice of partner, modalities, capacity building and technical assistance

ATA is a government institution supervised by the Agricultural Transformation Council chaired by the Prime Minister, and sees high-level political commitment as well as development partner support. With an annual institutional budget of approx. USD 28.3 million, it covers a wide range of interventions. ATA has a high technical capacity and will hence not need additional technical assistance, as its staff are specialists, many recruited from abroad with international competitive salaries, and as such expected to have the capacity to oversee and implement the programme. At the regional branch offices, however, there will be capacity building activities. The planned institutional audit includes a capacity assessment, and the ensuing recommendations and action plan will identify possible gaps and guide the capacity building interventions.

ATA is considered a solid partner organisation to support the development of the agricultural sector and the associated poverty interventions. ATA not only oversees its own budget but also has mandate to coordinate, monitor and report upon the interventions of a wide range of partners. ATA sees increasing support and interest from both the Government (at federal and regional levels) and other development partners. The high-level government commitment to ATA is demonstrated by a recently increased budget allocation from GoE (now USD 7 million annually until the end of the GTP II period in 2020 compared to USD 3 million before).

Management arrangements and financial modalities

In addition to the ACC, ATA also is responsible for the implementation of other interventions such as integrating delivery units in line ministries and regional government offices, which are not directly in line with the thematic programme objective. Hence, the Embassy has decided to provide general support to the ACC initiative, as presented in the final project document of ATA (PAD, July 2018). If ATA decides to include new intervention areas, not included in the ACC Initiative document 5-year plan and is seeking financing for these new intervention areas from Danida, a strategy for these new interventions should be presented and agreed with Danida (and other development partners), before any Danish funds can be utilized.

ATA will be responsible for the implementation of the programme, under the overall responsibility of the ATA Chief Executive Officer. ATA's management structure comprises both federal and regional level organisational entities. At the federal level, the agency has a senior management team, consisting of the Chief of Staff and six Senior Directors (Systems, Production and Productivity, Agribusiness and Market, Strategic Services, ACC, Cross Cutting, and Operations). There are 18 thematic directors and four branch offices at regional level, each led by a Regional Director who reports directly to the Chief Executive Officer. In addition, the Regional Directors and Regional Offices report to the President of the Regional Government and the Regional Agriculture Transformation Council.

The present management arrangement for the relation with the Danish Embassy is conducted mainly through regular bilateral meetings. For this next phase of support, it has been decided to move towards a more formalised joint development partner setup, where a group of development partners providing core funding or general support establish a common cooperation mechanism, which will be articulated in the guideline for joint programming. The Danish Embassy has accepted the role as the front-runner in the arrangement and works closely with ATA on setting up a structure for a more harmonised approach. This implies that in addition to Danish development assistance guidelines, the agreed joint programming will be the basis for the Danish support to ATA, even if Denmark will be the only donor initially.

In terms of management structure for the joint donor funding, there will be two regular annual meetings (or Joint Dialogue Meetings as suggested in ATA's draft Joint Planning and Reporting Manual). At the first meeting in October (before the start of the financial year), ATA will present the annual work plan and budget for approval. Possible changes in strategy, e.g. related to new interventions, inclusion of new value chains or expansion of the geographic area, will also be discussed and approved for funding. At the second meeting in March, ATA will present the annual progress report for discussion and approval by the development partners. In case no other development partners have committed to the joint setup before the start of the programme, the meetings described above will be bilateral meetings under the same terms as stipulated in the joint programming manual, although only between the Danish Embassy and ATA.

The Danish funding will be transferred as an advance payment to a designated ATA account for the joint financing as per the agreed annual work plan and budget. Denmark will transfer funds to ATA twice a year, starting January 2019 as per agreed disbursement schedule in the DED and following Danish Programme management and financial management guidelines. Danish funding will be managed according to ATA's systems for financial management. ATA already has a series of manuals in place to guide the implementation. Currently, a third of ATA's implementation budget is utilized in sub-grant mechanisms, which is expected to increase. The current sub-grantee manual that describes a number of procedures will be updated following the recommendation of

the ongoing institutional audit to safeguard projects against unintended social and environmental consequences.

The Ethiopian Auditor General presently conducts statutory audits of the ATA accounts in addition to the joint audit conducted by an independent private sector auditor, covering the funding received from various development partners, including the funds contributed by Danida. A joint audit modality will continue for the multi-donor ACC account, accounting for the contributions from the involved donors.

Monitoring framework

The ATA monitoring set-up is extensive with frequent periodical (down to weekly) data collection and report flows from woreda level, to cluster level, regional level, and federal level. Inputs are collected from the various sources (data collection points), including at the level of zones, woredas, and kebeles, as well as from unions of cooperatives, farm service centres, various service providers and businesses involved in the clusters. A weekly progress report is prepared for the ACC Senior Director, and a monthly report is presented to ATA Senior Management. ATA submits quarterly and six monthly progress reports on the achievements of each deliverable to the parliamentary Agriculture Standing Committee and to the Agricultural Transformation Council respectively. The ATA will design and start implementation of an ICT based monitoring, evaluation and learning system for the ACC Initiative.

It is agreed that for the support to the ACC, ATA will report on the agreed three outcomes and 13 outputs and corresponding indicators as per ATA's result framework presented in the ACC Initiative PAD July 2018. It is a simplified version of ATA's monitoring framework, and ATA will as such not have to report separately, but needs only to report against its own results framework, already capturing the agreed targets and indicators.

The Embassy will contract a monitoring consultant who will assist the Embassy in overseeing the implementation, make technical assessments and prepare for the semi-annual meetings. Since the current national plan GTP II ends mid-2020, the results framework and budgets per outcome is only indicative beyond 2020. Hence, a midterm review is planned in 2020 to make the necessary changes in the results framework and concrete budget targets.

Budget

The budget for the thematic programme is outlined below at outcome level and includes only the funding for which ATA is directly financially accountable. The budget covers the five-year period (2018-2022) whereas the Danish funding will only start in January 2019 (the current phase of support was extended to December 2018).

An additional budget of DKK 7 million for studies, monitoring and evaluation will be managed directly by the Embassy.

Fiscal Year[5]	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Programme Cost	**Million USD**					
Outcome 1: Increased sustainable and market-driven agricultural production and productivity	15.61	15.61	15.61	15.61	15.61	78.03
Outcome 2: Improved value addition and access to domestic and international market	16.29	16.29	16.29	16.29	16.29	81.47
Outcome 3: Improved institutional capacity and enabling environment for commercialisation	7.46	7.46	7.46	7.46	7.46	37.28
Total programme cost in USD (mill)	**39.36**	**39.36**	**39.36**	**39.36**	**39.36**	**196.78**
Overhead USD (mill)	2.75	2.75	2.75	2.75	2.75	13.77
Grand Total USD (mill)	**42.11**	**42.11**	**42.11**	**42.11**	**42.11**	**210.55**
Grand Total - Contribution from Danida in USD (mill)[6]	**6.65**	**13.31**	**13.31**	**13.31**	**6.65**	**53.23**
Grand Total - Contribution from Danida in DKK (mill)	**42.875**	**85.75**	**85.75**	**85.75**	**42.875**	**343.00**

The budget for the ACC is a mix of different funding modalities. The total ACC budget is USD 352 million. A budget of USD 141.5 million is allocated for other organisations than ATA, with ATA being responsible for overall coordination, monitoring and reporting, but with the individual implementing organisation having the financial responsibility.

ATA has already received funding totalling USD 26.1 million, with further USD 95.3 million being in pipeline. The Danish commitment of approx. USD 53.3 million will bring the funding gap down to approx. USD 35,8 million.

Summary of risk analysis

A number of programmatic risks have been identified:

- The management of sub-grants has been a challenge in the previous phase and the grant management function needs to be strengthened especially when supporting the private sector to ensure that there are clear rules of the game, sufficient monitoring and follow-up as well as safeguards against negative social and environmental consequences including land right infringements.
- The promotion of contract farming carries important potential and is one of the ATA strategies, but it also entails a risk of bringing the farmers into a monopolistic relationship

[5] The GoE budget period is from July 8 to July 7

[6] Exchange rate as of August 2018. The Danish commitment is in DKK and amounts in USD are estimated at exchange rate 1 USD = 6.53 DKK. The financial commitment is denominated in Danish Kroner only. If there is significant loss due to exchange rate fluctuations and if ATA cannot fill this budget gap from additional financing from other sources, the target will be revised accordingly. If there is an exchange rate gain, ATA will have to return the gains to Denmark unless otherwise agreed.

with the buyer. There are several mitigating measures taken by ATA, among these the separation of the buyer from the credit and the promotion of farmer cooperatives to link up to the buyers.

- The promotion of the use of quality inputs is also a part of the ATA strategy, but is not without environmental risks, particularly if the integrated pest management training is not done properly. The ongoing Danish support to ATA has been specifically targeted to the 'greening agenda', and has produced some results, e.g. the treatment of acid soils and the introduction of biological pest control. The need to maintain the 'greening agenda' will be an important topic in the dialogue between the Danish Embassy and ATA.
- There is a risk of ATA becoming overstretched with the fast expansion, both thematically and geographically, and in taking on the role as implementer, rather than engaging other partners. It must be monitored that ATA can oversee and implement what it sets out to do, while engaging and capacitating local partners (which in turn also may curb the risk of the institutional rivalry). By the same token, ATA is also burdened by the very diverse donor landscape, which may undermine implementation and financial transparency. The proposed multi-donor setup can be instrumental in mitigating this risk.

Joint management arrangements

As described, ATA and the Danish Embassy are presently in the process of establishing a joint mechanism. It is expected that at least the Netherlands, Norway, Denmark and Bill and Melinda Gates Foundation will participate. It is envisaged as a multi-donor pooled funding instrument channelling funds through a single consolidated ATA account, and structures minimizes ATA's separate planning and reporting for projects financed by individual development partners. The mechanism for this will be thoroughly described in the updated ATA Manual for Joint Planning and Reporting, and agreed between ATA and the involved development partners. Denmark will spearhead the cooperation and will apply the joint implementation structure from the onset, even if no other development partners have made firm commitments at that point.

4 Thematic programme 2. Coherence between humanitarian responses and development cooperation

4.1 Strategic considerations and justification

Context

For decades, Ethiopia has been prone to recurrent droughts, which – exacerbated by climate changes – has created significant humanitarian needs for the population of whom a large part is chronically food insecure. Despite these humanitarian challenges, Ethiopia has maintained an open door policy for refugees from the region's many political crises and is presently hosting approx. 920.000 refugees. At the same time, an estimated 2.6 mio. people are internally displaced due to ethnic and political fighting as well as climate changes making the humanitarian context extremely complex and the needs significant. For years, the GoE as engaged ambitiously in addressing the needs of chronically food insecure people, and in 2018 the country's first Humanitarian Disaster and Resilience Plan (HRDP) was launched, which in addition to acute needs also addresses prevention of and recovery from disaster, thus presenting a more holistic and long-term approach to food insecurity.

Moreover, at the Leaders' Summit in 2016 in New York, then prime minister Hailemariam presented nine pledges aimed at further improving the rights and services enjoyed by refugees in the country, key amongst them being improved "out-of-camp" policy, improved service delivery, and local integration. The Comprehensive Refugee Response Framework (CRRF) framework has since been adopted by Ethiopia as a vehicle for delivering these pledges, thus making Ethiopia a pilot country for the global roll out of the CRRF, and in 2018, the GoE presented its road map for its application. Altogether, these developments constitute important avenues for the international community in assisting Ethiopia in addressing its structural humanitarian challenges as well as easening the pressure on refugee hosting communities and thus implicitly addressing the root causes of migration.

In a broader perspective, the GoE's ambitious engagement in fighting food insecurity and improving rights and service delivery to refugees and host communities make Ethiopia a ripe case for demonstrating tangible results through a longer-term developmental approach to humanitarian challenges, or what is often referred to as the humanitarian/development nexus. The Country Programme pursues this by supporting the Productive Safe Net Programme (PSNP) as well as WFP's Sustainable Livelihoods and Food Security Programme for Refugees and Host Communities. Whereas the former programme has for years addressed the humanitarian needs of chronically food insecure people in rural areas (and recently also IDPs) the latter is specifically targeting refugees and their host communities thus supporting the GoE's roll out of the CRRF. As such, the two programmes will together address the structural humanitarian needs of rural populations and refugees as well as refugee hosting communities through innovative approaches to enhancing resilience.

Since 2005, PSNP has been Ethiopia's main vehicle for addressing chronic food insecurity. The programme is designed as a large-scale and long-term coordinated effort to fight food insecurity throughout the country, contrasting with a previous strategy based on ad-hoc emergency assistance. It is basically a 'cash or food for work' programme: poor households receive small payments (in cash or in kind) in exchange for working on projects in their community. If there are no able-bodied persons in the household, it will receive the support unconditionally.

When the PSNP was launched in 2005, there was an expectation that the need for the GoE to issue humanitarian appeals for food assistance would be reduced. However, as climatic events have become more frequent and severe, the flows of humanitarian food assistance to rural areas have continued to be significant, reaching a high of 10.2 million people in 2016 in response to the El Niño-induced drought. However, the PSNP is by now a well-established and well-functioning programme presently receiving support from 11 donors and a total budget for the current phase (2014-2020) of more than USD 2,6 billion. Apart from the large number of families that the PSNP is preventing from falling into abject poverty, the impact of the public works carried out by the participants is also quite impressive.

However, the PSNP does not target the approx.. 920.000 refugees that Ethiopia is presently hosting, nor their host communities. For years, Denmark has been supporting these refugees (and to some extent host communities) through its general humanitarian assistance, but in order to further support the GoE's commitment to creating sustainable solutions for refugees and host communities through adoption of the CRRF framework, it was – when the country programme's financial envelope was increased – decided to add an engagement with this objective. In 2017, Sweden (through SIDA) entered into an engagement with WFP called "Innovative Approaches to Building Resilience for Vulnerable Population in Ethiopia". The programme was launched before the adoption of the GoE's CRRF Road Map, but since the programme is effectively targeting both refugees and host communities it was decided to expand the programme with Danish funding from the country programme and at the same time amend the programme in order to effectively underpin the CRRF roll out in Ethiopia. The name of the programme has therefore been changed to "Sustainable Livelihoods and Food Security Programme for Refugees and Host Communities" and it is presently undergoing formulation (and later appraisal).

National priorities

The PSNP represents a national programme that aligns with the objectives set out in the GTP II. It is funded by the Ethiopian Government itself, bilateral contributions directly to the government, and through a multi donor trust fund set up and managed by the World Bank, which currently has eleven donor partners, including the World Bank. The PSNP has since 2005 contributed crucially to preventing recurrent climatic events leading to major, difficult to control emergencies, and is thus playing a major role in maintaining the stability of the country.

Taking the size and budget of the programme into consideration, Denmark will remain a small partner. However, by engaging through the World Bank's multi donor trust fund with like-minded donors and participating in the Donor Working Group on an equal footing with other development partners, Denmark will continue to be able to promote Danish priorities such as better linkage between humanitarian aid and development, climate change, gender and sexual and reproductive health rights. The support will be given to the ongoing phase 4 of PSNP, which runs from 2017-2020, but funds are set aside for support throughout the programme period to end 2022. When preparations start for the next phase of the programme, the Embassy in Addis Ababa will be able to highlight specific areas of interest that should receive more attention in the next phase.

WFP will work in partnership with local government authorities, experienced NGOs, refugees, and host communities to develop and implement livelihood interventions in and around selected refugee camps. Unlike the PNSP, Denmark will be one of only two donors supporting the programme, and since Denmark will also be the lead donor it will provide a unique opportunity

to showcase how Denmark is effectively supporting refugee hosting countries in developing sustainable solutions for refugees and host communities, which is one of the overarching goals of Denmark's humanitarian- and development Strategy The World 2030. As such, the programme is envisioned both to create tangible results for refugees and host communities as well as expanding the dialogue with the GoE on these issues and showcase Denmark's engagement in this agenda internationally.

Danish strengths, interest and opportunities

Supporting refugees where they are, supporting governments in hosting large refugee populations as well as easening the pressure on refugee hosting communities are all core interests for Denmark, as stated in Denmark's humanitarian- and development strategy The World 2030 and Denmark's Foreign and Security Policy Strategy. Denmark has been a champion of development approaches to protracted humanitarian crises, and both the PNSP and WFP engagements provide excellent opportunities for strengthening this profile even further as well as continuously exploring the opportunities for working across the humanitarian/development nexus with lessons learned to be applied in similar contexts.

Relevance, impact, effectiveness, efficiency, and sustainability

PSNP constitutes a successful example of alignment and harmonisation. The setting up of a commonly accepted government programme is an impressive feat, taking into account the multitude of donors in Ethiopia (bilateral, multilateral and NGOs) with different priorities, requirements and modus operandi, and it has required complicated and creative planning.

PSNP has been evaluated extensively during the years, latest in December 2017, and has generally been found to be delivering. The use of one common system for targeting the beneficiaries and delivering the support implies in itself potentially an efficiency that would not have been possible with a plethora of delivery mechanisms.

Concerning sustainability, PSNP is a permanent institution managed by the Government of Ethiopia and which has achieved increasing capacity for management, from the kebele level and up to the Central Government level. The main weakness has hitherto been the heavy dependence on foreign donors, which implies a low level of financial sustainability. However, even if PSNP still depends heavily on donor contributions, the Government's share of the cost is not negligible and increasing (around 30 per cent of the budget for PSNP 4). The actual Government contribution doubled between 2015 and 2017 thus demonstrating the Government's commitment to the programme. It is the plan that the Government shall take over completely the financing of PSNP by 2025 implying that PSNP 5 should be the last donor supported programme.

Both the WFP programme and the PSNP are working in the nexus between development and humanitarian aid, on the one hand providing humanitarian aid as a response to disasters (and in the case of PSNP chronic poverty) and on the other hand promoting livelihood activities and exchanging food or cash for participation in public works. Specifically for the WFP programme, an important objective is supporting the GoE's short term refugee response (that is crucially dependent upon external financing) while in parallel paving the way for long term integration of refugees into the Ethiopian society thus benefitting both the refugees and the Ethiopian economy.

The Thematic Programme contributes to SDG 1 (no poverty).

Justification of choice of partners

PSNP is the only national safety net system in Ethiopia and is supported by a broad group of donors thus providing an efficient way of supporting the most vulnerable populations in the country. The support will be channelled through the World Bank together with other donors rather than provided directly to the PSNP, as there are important coordination and efficiency gains by using one common channel.

WFP is the world's largest humanitarian logistics provider, with Ethiopia being its third largest and most complex operation globally. WFP Logistics in Ethiopia manages the downstream supply chain beginning with receiving food aid at the ports, all the way to delivery and handover to government counterparts at pre-defined locations. WFP normally maintains a monitoring role while the government carries out the delivery and distribution; however, in the Somali region WFP is responsible for the end-to-end supply chain and delivery to food distribution points. WFP is therefore considered a natural choice for support to refugee populations.

Integration of lessons learned.

The PSNP project design reflects lessons that have been learned from the implementation of the programme, since its launch in 2005. Among the lessons are: (a) that cash transfers are an efficient and effective way to support vulnerable households; (b) the valuable contribution made by public works and that these can be enhanced by specifically linking them to livelihood investment; and (c) that livelihood interventions can be more successful if they are tailored to the needs of potential beneficiaries. Apart from the already mentioned challenge in integrating the PSNP with the humanitarian aid, there have been recurrent challenges in designing an adequate safety net for the pastoral populations, as evaluations have pointed to continued inadequacies in implementation in the pastoral regions of Afar and Somali. The programme will work with the Government to determine whether further capacity-building support is required to strengthen implementation or if a new design would better respond to the needs of pastoral communities.[7]

Denmark started supporting PSNP in 2010 and has in the period 2010-2016 contributed to the programme with a total of DKK 260 million. In 2015 Danida carried out a review of the support to PSNP as a component of the Horn of Africa Productive Capacities and Resilience Programme. The review was generally positive and recommended a continuation of the support, given as core funding rather than earmarked contributions. The review furthermore had a series of observations, which it recommended should be taken into account in PSNP 4. This has largely been the case, e.g. that a National Safety Net policy is now in place and there is an emphasis on predictability, PSNP now covers communities in need in most parts of the country, including the pastoralist lowland areas, the livelihood component is now integrated into the programme and there is an increased use of cash transfers. The 2015 review recommended initiating the formulation of a thematic programme that could bridge the expected start of a country programme. Based on the review, it was decided to continue supporting the programme. Therefore, humanitarian support totalling DKK 10 million was provided to the programme in 2016 and in end 2017 a further DKK 50 million[8] were committed for the period of 2017-2020, but fully disbursed in 2017, with the expectation that a longer term support would be provided as part of the present Country Programme.

7 Berhane, Guush, John Hoddinott, Neha Kumar, and Alemayehu Seyoum Taffesse. 2016. The Productive Safety Nets Programme IV - Baseline Survey Report 2016: Program Performance. International Food Policy Research Institute Overseas Development Institute, and Dadimos.

8 This engagement will be closed in 2018, and continued until 2020 as part of the CP

The WFP programme has been implemented with Swedish funding since January 2018, and the formulation of the expanded programme will be built on lessons learned from the inception phase of the programme, which will also be an important part of the upcoming appraisal (the ToR of which are currently being drafted).

Human Rights-based Approach and gender

The federal and local governments at regional and woreda level have a strong focus on inclusion and non-discrimination in the selection of food insecure households as beneficiaries and ensuring that male and female members of beneficiary households benefit equally, as well as in the identification of public works activities in communities. PSNP's gender provisions include maternity leave, flexible working hours, equal pay for women and men, and childcare centres. Some of these provisions challenge traditional cultural norms but seem to be effective. Evaluations indicate that women have also learned leadership skills, which has led to some women moving into kebele leadership structures and being more active in their communities. This is particularly valuable to women who were previously disconnected and had limited mobility in village life. Studies have shown that PSNP has led to an increase in girls' grade attainment, and participation in the public works of the PSNP lowers the birth-rate and leads to a delay in marrying off adolescent girls.

Risks related to vulnerable and marginalized populations are mitigated through tools for social assessment and consultation and through the PSNP 4 Gender Action Plan. In addition, safeguards are activated in cases affecting indigenous peoples and involuntary resettlement.

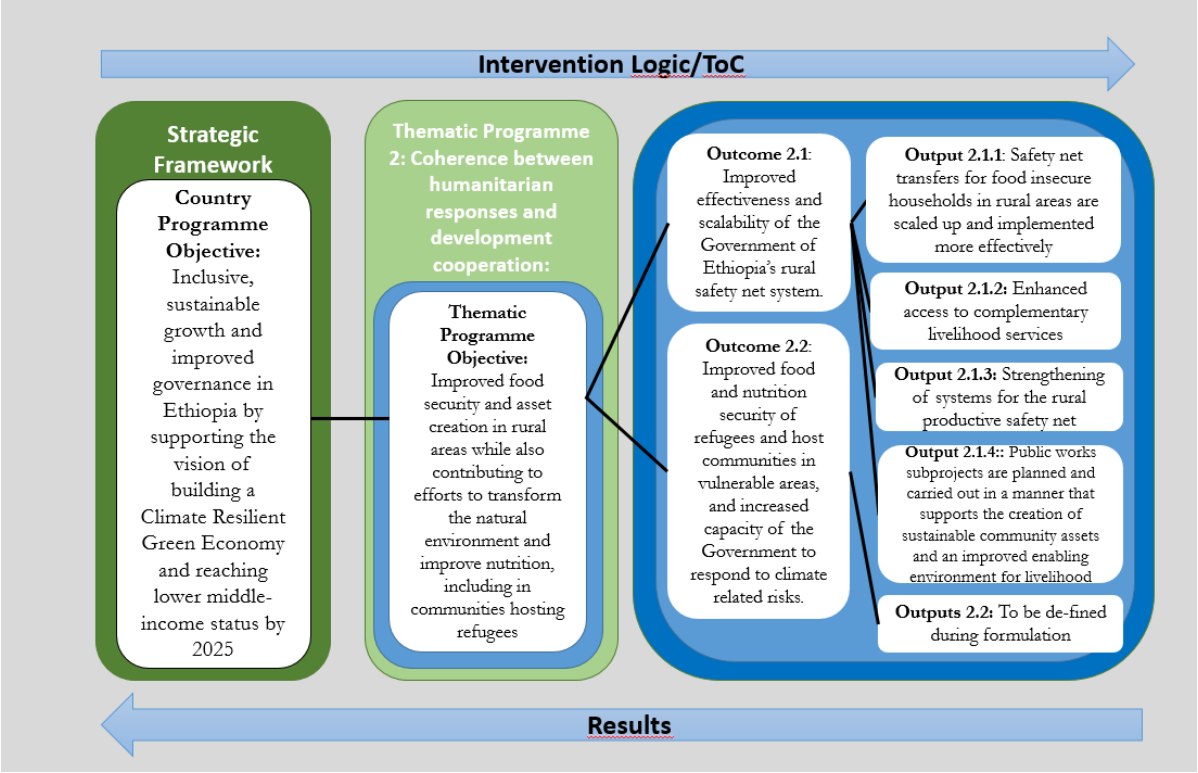
PSNP is part of the government's system for citizen engagement, which includes financial transparency and accountability and social accountability. The programme has an in-built formal grievance mechanism linked to the Ombudsman Institution and various other social accountability tools. Key human rights principles are integrated into guidelines and monitoring frameworks and are pursued in the implementation. Due to the extensive need, there is a risk of 'graduating' beneficiary groups too early in order to reach more people, a risk that the programme management is fully aware of.

Concerning the WFP engagement, for the activities targeting poor and vulnerable households participatory approaches to design and implementation are used. Farm Africa and Mercy Corps were included in the engagement partly because of their good track record in participatory implementation. Grievance redress mechanisms are part of WFP general operation guidelines to ensure transparency and accountability in the projects. Non-discrimination will be prioritized as a principle, which has a bearing on gender-equality, youth, people with disabilities and excluded groups of any kind. The feasibility study, carried out during the inception phase of the livelihood component in the Dolo Ado area, will be useful to identify which groups are in danger of discrimination and how this can be addressed.

Intervention logic and theory of change

The Theory of Change is that *as* the PSNP and WFP provide cash or food to the chronically food-insecure population and refugees and *as* public works improve the social, environmental and productive infrastructure in the communities, *it will create* increased resilience in the communities towards adverse climate events, and the longer term negative impact of chronic and acute poverty will be reduced. The improved PSNP implementation mechanism, including its integration with the humanitarian food assistance, and the support provided by WFP to relevant Government structures will make it possible to increase efficiency and for PSNP to scale up when needed.

The main *assumption* is that the Government continues to give high priority to the continuation of the PSNP and to provide a substantial part of the funding for it. Another important assumption is that there is within the Government willingness to carry out the necessary institutional changes to integrate the humanitarian aid with the PSNP, and that the Government continues its positive and permissive policies towards the refugee populations.[9]



4.2 Thematic Programme summary

Thematic programme objective

The Thematic Programme has the objective: "*Improved food security and asset creation amongst rural populations, refugees and refugee hosting communities while also contributing to efforts to transform the natural environment and improve nutrition* It has two Development Engagements:

1. Development Engagement 2 is support to PSNP through the World Bank managed Multi-donor Fund and will thus follow the outcomes defined by the World Bank project, aimed at improving the effectiveness and scalability of the rural productive safety net system.
2. Development Engagement 3 is support to a WFP programme called "*Sustainable Livelihoods and Food Security Programme for Refugee and Host Populations in Ethiopia* ", which aims at increasing food and nutrition security and resilience in communities with large groups of refugees and to strengthen the capacity of the Government to respond timely and adequately to needs for humanitarian assistance.

Short summary of the development engagements

PSNP operates in eight regions: Afar, Amhara, Dire Dawa, Harari, Oromiya, Somali, SNNPR and Tigray. Direct programme beneficiaries include the 7.9 million people targeted as core beneficiaries by the PSNP and beneficiaries of the humanitarian food assistance, the number for which will be determined through biannual needs assessments. Households with able-bodied adult

[9] The outputs for Outcome 2.2 will be defined during the ongoing formulation of the support to WFP.

members are asked to work on community-planned public works, prioritized by the community, in exchange for their transfers, which they receive for five days in each month for six months of the year. Labour-constrained households (those who are chronically ill, disabled or in an old age) receive unconditional transfers (called Permanent Direct Support) and are linked with complementary social services where possible. Transfers are provided in cash or food through the Government's financial management and food management systems and, in some cases, through both WFP and non-governmental organisations. The PSNP also provides livelihoods support in the form of skills training, business planning, savings promotion, credit facilitation, and, where appropriate, employment linkages. For the poorest PSNP households that have completed the required trainings, the programme also offers a livelihood transfer/grant for the purchase of productive assets.

The ongoing WFP programme supported by the SIDA consists presently of four projects. The bulk of the contribution is focused on the livelihood creation for refugee and host communities in the Dollo Ado region, and has gone through an inception phase during the first half of 2018, including a feasibility study, market assessment, environmental impact assessment and stakeholder assessment to make sure all interventions are sustainable, has minimal negative environmental impact and do not cause future conflicts between communities and people in the area. The other three projects are aimed at increasing the capacity of the GoE to respond to the needs of communities with large refugee populations. The programme is carried out in cooperation with the Administration for Refugee & Returnee Affairs (ARRA) and other relevant Ethiopian authorities and the international NGOs Mercy Corps and Farm Africa. WFP has developed a concept note for expansion of the current programme, and Denmark and Sweden have in turn provided written comments for this concept note. Based on these comments, WFP is presently developing a full programme document that will be subject to a joint appraisal by Sweden and Denmark, presumably in January 2019, the ToR for which is currently being developed.

Results framework

The key indicators for the objective for PSNP that the Government is tracking are listed in the below results framework. The project will contribute toward realizing these objectives. The results framework for the WFP engagement will be developed as part of the ongoing programming .

Thematic Programme title		**2. Coherence between humanitarian responses and development cooperation[10]**	
Thematic Programme 2 objective		*Improved food security and asset creation in rural areas while also contributing to efforts to transform the natural environment and improve nutrition, including in communities hosting refugees.*	
Impact Indicator 2.1		Average number of months of household food insecurity in PSNP supported communities	
Baseline	Year	2016	2.5
Target	Year	2020	2

10 Targets for the support to PSNP are only defined up to the end of PSNP 4 in 2020. Targets after that will depend on the formulation of PSNP 5.

Impact Indicator 2.2		Number of households with improved foods security and resilience to climate events in communities hosting refugee - both refugees and members of the host communities.	
Baseline	Year	2016	To be defined
Target	Year	2022	To be defined
Outcome 2.1[11]		Improved effectiveness and scalability of the Government of Ethiopia's rural safety net system.	
Outcome indicator 2.1.1[12]		% of core safety net transfers paid on time	
Baseline	Year	2017	60%
Target	Year	2020	85%
Outcome indicator 2.1.2[13]		% of transitory clients receiving humanitarian food assistance resources within 60 days of identification of need	
Baseline	Year	2017	N/A
Target	year	2020	75%
Outcome 2.2[14]		Improved food and nutrition security of refugees and host communities in vulnerable areas, and increased capacity of the Government to respond to climate related risks.	
Outcome indicator 2.2.1		Number of people with improved food and nutrition security - both refugees and members of the host communities	
Baseline	Year	2018	To be determined
Target	Year	2022	To be determined
Outcome indicator 2.2.2		Indicator on GoE capacity to respond to climate change risk in refugee areas. To be determined during final formulation of DED.	
Baseline	Year	Baseline	Year
Target	Year	Target	Year

Choice of partner, modalities, capacity building and technical assistance

The support to PSNP is given as core support through the World Bank Multi-donor Trust Fund. The national structures responsible for the implementation have acquired substantial capacity, but there are still weaknesses in many areas. The Donor Coordination Team in the World Bank, financed jointly by the development partners, provides technical assistance to the national

11 Project development objective. No 15 page 15 of PAD
12 WB results framework PDO indicator. PAD page 40
13 WB results framework PDO indicator. PAD page 40
14 The outcome indicators and the concrete outputs will be defined during the ongoing formulation of the Development Engagement

partners, particularly the Food Security Coordination Directorate, which is in charge of the management of the programme.

The support to the WFP engagement will be cofinanced with SIDA. WFP has formed a consortium with Mercy Corps and Farm Africa, which is considered to have the necessary capacity to carry out the programme, including the capacity building activities with Government structures.

Management arrangements and financial modalities

The Food Security Coordination Directorate under the Ministry of Agriculture and Natural Resources is responsible for the overall management, coordination and implementation of the PSNP, while the National Disaster Risk Management Commission is responsible for coordinating all aspects of humanitarian responses, including the management of the food resources required for both the PSNP and the refugee response. The Ministry of Finance is responsible for the delivery of cash transfers for the PSNP and refugee response. It is also responsible for the financial management of all cash resources and channels the PSNP resources to the implementing agencies at federal and regional level, and commissions the audits of the cash resources for the PSNP and refugee response.

The World Bank, through its Multi-donor Trust Fund, will manage the Danish contribution to PSNP, and the World Bank will be the overall responsible entity to follow up to secure adequate implementation. Danida will make payments annually, directly to the PSNP Multi-donor Trust Fund bank account in Washington. The World Bank charges a 5% administration fee on the funds. Audits are for PSNP conducted by the Office of the Federal Auditor General that adheres to the auditing standards of the International Organisation for Supreme Audit Institutions (INTOSAI).

WFP will be the sole responsible for the WFP engagement, even if it will work through an alliance with Mercy Corps and Farm Africa. Close collaboration will be established with relevant actors, in the case of the work in the refugee camps with ARRA staff at camp level. Beneficiaries (refugee as well as the host community) will participate throughout the project cycle (identification, planning, monitoring and implementation). The more precise modalities for project steering will be defined during the formulation of the expanded programme, but it is foreseen to set up a Joint Steering committee with the participation of WFP, Denmark and Sweden. Funds from Danida will be transferred to WFP, who will be responsible for the financial management. A joint annual audit will be carried out by an independent auditing company, selected by the donors.

Monitoring framework

The PSNP has an established monitoring and evaluation system that assesses progress toward higher-level objectives stated in the result framework while responding to the realities by collecting regular monitoring data through Government systems. The key elements of this monitoring and evaluation system include regular monitoring based on a combination of (a) progress monitoring; (b) periodic process assessments of key aspects of the program; (c) household surveys and impact assessments that are carried out every two years to assess programme progress toward achieving its stated outcomes and its contribution to the overall objective. The Government reports quarterly and annually to the World Bank, which submits the reports to the involved donors. The World Bank submits annually financial reports for the Multidonor Trust Fund to the involved donors.

The Danish Embassy in Addis Ababa monitors the implementation of the PSNP through the regular meetings of the Donor Working Group and by conducting monitoring missions to the implementing regions together with other development partners. Additionally, Denmark can as previously participate in coordination and working groups within the PSNP framework to promote Danish priorities within the broad scope of PSNP activities, such as family planning, sexual and reproductive health and rights, gender mainstreaming, and climate smart solutions. The Embassy will further take part in the Joint Strategic Oversight Committee meetings, which comprises high-level representatives of the Government, PSNP development partners and humanitarian donors and meets twice a year to discuss strategic challenges and agree on mitigating actions.

For the WFP engagement, monitoring and evaluation will be carried out using the WFP standard monitoring and evaluation framework. A detailed monitoring and evaluation plan will be elaborated, defining which program data will be regularly collected to continually assess progress, including the impact on the livelihoods of the different groups of beneficiaries. Feedback mechanisms will also be developed. Farm Africa, Mercy Corps and other partners to be selected by WFP for implementation will report on a quarterly basis to WFP. WFP will review the reports and submit one consolidated annual report to the donors. Reporting templates will be jointly agreed upon. The budget includes budget lines for monitoring and evaluation, reviews and external audits.

Budget

The total budget for the Danish support to PSNP for the period 2018-2022 is DKK 300 million. The present phase, PSNP 4, finishes in 2020, and a new phase is expected for 2021 -2025. The formulation of PSNP 5 has not started yet. An independent mid-term evaluation of PSNP 4 is planned for 2018, which is expected to provide useful inputs for the formulation of PSNP 5.

Ethiopian Fiscal Year	2017/18	2018/19	2019/20	2020/21	2021/22
	Million USD				
Component 1. Safety net transfers for food insecure households in rural areas	585.3	503.5	503.4	To be defined during formulation of PSNP 5	
Component 2. Enhanced access to complementary livelihood services	14.1	18.2	21.0		
Component 3. Institutional support to strengthening systems for the rural safety net	96.6	61.3	52.6		
Subtotal	*696.0*	*583.0*	*577.0*		
Government's operational expenditures	42.0	35.0	35.0		
Total PSNP 4 Budget	**738.0**	**618.0**	**612.0**		
Government of Ethiopia	85.0	193.0	207.8		

Ethiopian Fiscal Year	2017/18	2018/19	2019/20	2020/21	2021/22
World Bank	343.0	200.0	147.0		
Other donors**)	271.1	167.1	188.7		
Funding gap 2017-2020 ***)	38.9	57.9	68.5		

Calendar year	*2018*	*2019*	*2020*	*2021*	*2022*
Contribution from Denmark (in Million USD)*)	**7,7**	**11,5**	**11,5**	**11,5**	**3,8**
Contribution from Denmark (in Million DKK)	**50.0**	**75.0**	**75.0**	**75.0**	**25**

*) The Danish commitment is in DKK. The amounts in USD are estimated at exchange rate 1 USD = 6.53 DKK, but will depend on the exchange rate duing the implementation period. **) The main other donors 2017-2020 are DFID (USD 230.1 million) and USAID (USD 181.9 million). ***) The World Bank has included USD 20 million from Denmark in the period 2017/20. The total contribution is expected to be approx.USD 40 million.

The PSNP budget includes provisions for Danish support to PSNP 5 in 2021-2022. The mid-term review, planned for 2020 will analyse the documentation for PSNP 5 and make recommendations for a potential continuation of the support. PSNP 5 is expected to be a continuation of the main objectives of PSNP 4, i.e. support to the integration of PSNP 4 and the humanitarian food assistance and to making the system more efficient. PSNP 5 is expected to be the last support from Denmark as the Government of Ethiopia is expected to fully finance PSNP from own resources after 2025.

The budget foreseen to the WFP programme "*Sustainable Livelihoods and Food Security Programme for Refugee and Host Populations in Ethiopia* " is the following.[15]

	2018	2019	2020	2021	2022
	Million DKK				
Sweden	**26,9**	**23,2**	**10,7**	**7,5**	**0,0**
Denmark	**0.0**	**40.0**	**40.0**	**40.0**	**30.0**

Summary of risk and responses

As PSNP is a programme that has been running for many years, the risks are relatively well-known and measures have been taken to address them. The World Bank will have the full responsibility for monitoring and managing the risks and report on this to the donors. The Danish Embassy will follow the project actively through the established management structures.

[15] The exact distribution of the Danish funds over the years is subject to the conclusion of the ongoing formulation of the expanded WFP programme.

The main *contextual* risk is the volatile social and political situation in the country; however, PSNP is probably less likely to be affected by this, as there is a high degree of consensus around it from kebele to federal level.

For the WFP engagement, there are *contextual* risks related to repeated drought events and increased flow of refugees from neighbouring countries due to conflicts, which can potentially overwhelm the capacity to respond. These risks are considerable but need to be accommodated. The risk response will be to support the Government in the search for supplementary humanitarian aid funding, if this is needed. There are furthermore risks related to inter clan violence in the Somali region.

The following *programmatic* risks have been identified for the support to PSNP:

- The low implementation capacity in the Somali and Afar regions. To mitigate this risk, the programme foresees to revise the way of implementation in these regions and strengthen the local capacity.
- The integration of PSNP with the humanitarian food assistance requires cooperation across a range of ministries and development partners, which has proved problematic in the past, and there may also be pressures to put aside proposed reforms to enable a quick response to emergency situations. Proposed reforms currently have significant support from key humanitarian and development partners, which is an important mitigating factor.
- Fiduciary risks are particularly evident in (a) the food management system, which continues to demonstrate inadequacies in management, reporting, and accountability; and (b) Afar region, where the financial management review identified particular risks. Steps are being taken to mitigate this risk, including the creation of a more comprehensive database of clients at woreda level and stronger fiduciary controls around the payment processes.
- Social and environmental risks are principally related to the public work subprojects and will be managed under the Environmental and Social Monitoring Framework that will continue to be overseen by both Government and World Bank staff. Experience with environmental and social safeguards has been satisfactory in the highlands areas; however, in Afar and Somali regions they have fallen short of the required standards. Risks related to vulnerable and marginalized people will be mitigated through the implementation of Enhanced Social Assessment and Consultation and the PSNP 4 Gender Action Plan.
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For the WFP engagement, the following main *programmatic* risks have been identified:

- Conflicts between the refugees and the host communities, exacerbated in case of increased refugee flows or droughts affecting the host communities. The main mitigating measure is that local governments and target groups are involved through participatory approaches to design and implementation all through the programme.
- Insufficient support from the stakeholders. The risk is considered to be low, as there is a strong willingness from the government's side to see initiatives like this succeed.
- Lack of sustainability of the interventions, as building resilience in poor and vulnerable communities is a long process. For longer term results on a larger scale, potential scale-up plans will be developed over the lifespan of the engagement. The Government acknowledges the impact of climate and the need to find alternative

solutions and livelihoods to its Somali community. It is therefore reasonable to assume that successes on small scale might be picked up to influence policies and governmental programs on a larger scale, hence assuring continuity and sustainability.

5 Thematic programme 3. Climate Resilient Forest Livelihoods

5.1 Strategic considerations and justification

The objective of Thematic Programme 3 is*: Improved and climate resilient livelihoods, while maintaining and enhancing carbon stocks and other ecosystem services and products.*

The thematic programme has two outcomes: 3.*1 Incomes are diversified and increased*, and 3.2 *Forest resources and ecosystem services are protected/conserved.*

The focus is on promoting climate resilient livelihoods within and around forest areas and pursuing sustainable management of forest resources in the Kaffa Biosphere Reserve through the promotion of participatory forest management.

Context

Ethiopia faces major challenges related to climate change, experiencing more than 15 drought events in the last 50 years; and severe recurrent droughts in recent years. Average temperatures have increased and rainfall variability has changed. In 2015-16, drought reduced the gross domestic product by 2-3%. Severe land degradation puts pressure on local populations, which together with deforestation[16] contributes significantly to the country's carbon emission and reductions in available water resources. Moreover, rural poor, dependent on forest resources, are losing livelihood opportunities, thus negatively affecting communities' resilience to climate related shocks.

Nonetheless, Ethiopia's ability to manage drought has improved dramatically over the past decade, and the resilience of the poorest has been improved through programmes promoting sustainable natural resource management, such as PSNP and GATE. Here, participatory forest management with the devolution of responsibility to communities has proven particularly useful when it comes to the protection of forest resources and improving the livelihoods of forest-adjacent communities. However, several challenges remain and further climate change resilience building is an urgent need. Technical support and significant investments are still required to reverse the situation.

The area of implementation, the Kaffa Biosphere Reserve[17], is one of the few remnants of old-growth montane rainforest in Ethiopia. It is a biodiversity hotspot and one of the few places where wild coffee still grows, and thus important for maintaining the genetic diversity of this global commodity that is increasingly threatened by climate change. Deforestation in the Kaffa zone is estimated at 1,500-2,000 ha annually[18.], endangering the biodiversity, limiting carbon capture and impacting negatively on the livelihoods of forest-dependent communities. The drivers of deforestation and forest degradation are agriculture conversion, logging, fuelwood collection, and livestock grazing. This programme aims at strengthening participatory forest management and climate resilient livelihoods, thus tackling some of the drivers of deforestation while maintaining and enhancing carbon stocks. The programme is closely aligned with the regional REDD+ programme in SNNPR, which is currently under development.

National priorities/challenges

In 2011, the Ethiopian Government launched an ambitious plan to become a carbon neutral middle-income country by 2025: the "*Climate Resilient Green Economy*" (CRGE) Strategy. The

[16] 1.0-1.5 per cent annually
[17] Located in SNNPR
[18] FAO, 2012

Government recognises that its vision of carbon-neutral growth relies on a transformation of the productive sectors. The strategy underlines that this has to be achieved by reversing natural resource degradation and rehabilitating degraded landscapes, rather than by exploiting fragile ecosystems and forests. Hence, central elements in the CRGE Strategy are participatory forest management, reforestation, land rehabilitation and watershed management, also as means to increase carbon sequestration.

The CRGE Strategy is fully mainstreamed into the GTP II as well as sector plans, programmes and projects. Notably, GTP II contains a chapter dedicated to the intention to build a climate resilient green economy, and highlights in this context that forest conservation and reforestation efforts will be stepped up in order to enhance both the economic and ecological advantages of forests. Participatory forest management is also integrated in the National REDD+ implementation programme.

Relevance, impact, effectiveness, efficiency and sustainability

The thematic programme is very *relevant* for Ethiopia as it addresses some major development constraints, namely vulnerability to climate change and degradation of economically and environmentally important forest resources. Moreover, it will assist in addressing institutional bottlenecks (mainly at the local level), which affect the implementation of the CRGE Strategy and the promotion of participatory forest management. The Thematic Programme contributes to SDG 13 (Climate Action).

The thematic programme will have *impact* by improving the livelihoods and resilience of communities and households in the Kaffa Biosphere Reserve through the support to sustainable forest enterprises and forest conservation and thereby directly contribute to reducing carbon emissions and increasing carbon sequestration. The inclusion of communities in participatory forest management will enhance their access to forest resources and promote inclusiveness in decision-making processes. The programme will indirectly contribute to achieving climate resilience, forest protection and the CRGE Strategy objectives more broadly in Ethiopia through its approaches and lessons learned, which will have the potential for upscaling. Moreover, the programme will contribute to enhancing the capacity of the Ministry of Environment and the upcoming REDD+ programme to address social concerns in relation to forest management through the national social inclusion advisor funded for the Forest Sector Transformation Unit.

Programme *effectiveness* is sought through a combination of targeted capacity development, especially for local level government and communities in the Kaffa Biosphere Reserve, and the promotion of genuine participation and empowerment of stakeholders in the communities and relevant government institutions. The capacity development for the local government in the Kaffa Biosphere Reserve is expected to contribute to *efficiency* by improving overall management and the timeliness of implementation. Cost-effectiveness will be ensured by working through existing national institutions, and by mobilising communities to engage in low-cost participatory forest management. To create the foundation for continuation and *sustainability* of the results and changes achieved, the programme will: a) be implemented within the framework of existing institutions, b) include activities to enhance the capacities of local government entities and communities as well as regional and federal entities, and c) facilitate the establishment of community-based institutions for participatory forest management.

Danish strengths, interest and opportunities

One of the key foundations for the Danish partnership with Ethiopia is the common interest in green growth and climate change related issues. This partnership has been visible in international climate negotiations and other international climate initiatives, such as the Global Green Growth Forum (3GF)/Partnering for Green Growth and the Global Goals 2030 (P4G) and the Global Green Growth Institute (GGGI). Currently, Ethiopia is leading the group of Least Developed Countries and the Climate Vulnerable Forum in the international climate negotiations[19]. Moreover, part of the funds set aside for Programme Management can also be used to create links with the Danish climate change mitigation knowledge base, possibly linking the Ministry of Environment up with relevant Danish institutions. The thematic programme will further enhance and strengthen the Danish-Ethiopian partnership on climate change and green growth.

Justification of choice of partners

The partners chosen for this programme are the government entities directly responsible for the CRGE Strategy implementation, for promoting climate change adaptation and mitigation, and for forest management in Ethiopia and in the Kaffa Biosphere Reserve. The role of each of the partners is fully aligned to their respective mandates in this regard.

Integration of lessons learned

Under the ongoing GATE[20] programme, Danida's engagement with the CRGE Facility had two implementing partners, the Ministries of Environment and Agriculture, and required significant resources from the Embassy for oversight. Implementation was delayed as a result of the CRGE Facility and the Ministry of Environment being a new organisational structure with limited capacity. Furthermore, the disbursement and reporting channels utilised by the CRGE Facility were not aligned to the Government setup, which delayed the interaction between the federal and sub-national levels. Moreover, the partner experienced difficulty in utilising the capacity development budget. Nonetheless, the implementation at the local level delivered tangible improvements, e.g. vis-à-vis forest management, livelihoods improvements, and climate change adaptation and mitigation. To strengthen the management of the programme the Embassy will initiate a system audit to identify weak links and creating a basis for improving performance. The thematic programme will: a) focus on only one sector, b) include a 6-month inception phase to mobilise stakeholders and refine the strategy, with the guidance of the technical assistance consultancy procured by the Embassy c) address institutional constraints and bottlenecks identified in the system audit, and d) fully align to the Government's existing structure – especially by including the Regional Government as the primary programme owner.

Human Rights-based Approach and gender

The Government intends to involve women, youth and minorities and to adopt a participatory approach at community level. Nonetheless, vulnerable groups need specific consideration. In order to ensure anti-discrimination, participation and inclusion in the thematic programme, the Embassy have outlined a number of topics in the Development Engagement Document to be given special attention, e.g. minorities, women, youth, participatory monitoring, and indigenous peoples rights.

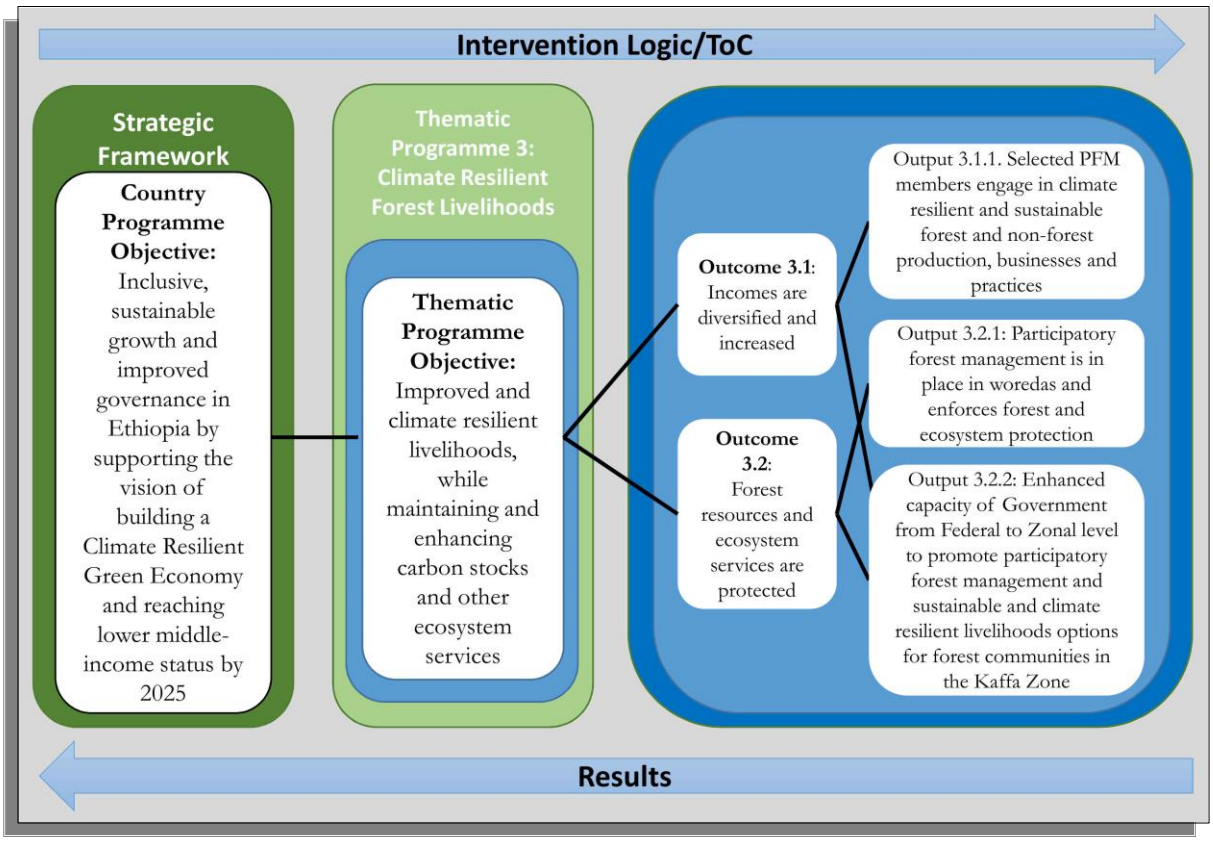
19 Under the United Nations Framework Convention on Climate Change (UNFCCC)

20 Danida programme: 'Greening Agricultural Transformation in Ethiopia', 2014-2017 (extended till end 2018).

Theory of change and key assumptions

The theory of change for the Thematic Programme is that *by* involving local communities in forest management and protection and providing them with opportunities for increasing incomes through sustainable use of forest resources and other sources, *then* their livelihoods will improve and become more resilient to climate change while maintaining and enhancing carbon stocks, forest resources and ecosystem services. This will contribute to achieving the objectives of the CRGE Strategy set out by the Government of Ethiopia.

It is a crucial assumption that the Government will not significantly change the priorities in the GTP II, maintaining a strong focus on CRGE. It is also assumed that the Governments at central and regional level remain willing to transfer the formal and legal responsibility for forest management and bestow the rights to benefit from forest resources to communities. It is further assumed that communities through capacity development will manage forest resources sustainably and in a transparent and inclusive manner and avoid elite capture – and that Government at the local level has the capacity and willingness to monitor participatory forest management groups and intervene, if they do not manage the forests according to the principles of participatory forest management. However, it should be noted that the benefits vis-à-vis carbon sequestration and improved livelihoods will materialise over time, as the degraded forests gradually are rehabilitated and the trees planted grow up and mature; hence, the full range of benefits will be achieved in the years after the programme has been completed.



5.2 Thematic Programme summary

Thematic programme objective

The objective of Thematic Programme 3 is*: Improved and climate resilient livelihoods, while maintaining and enhancing carbon stocks and other ecosystem services and products.*

Short summary of development engagement

The thematic programme has two outcomes: 3.*1 Incomes are diversified and increased*, and 3.2 *Forest resources and ecosystem services are protected/conserved.*

The focus is on promoting climate resilient livelihoods within and around forest areas and pursuing sustainable management of forest resources in the Kaffa Biosphere Reserve through the promotion of participatory forest management. The communities will be empowered and motivated to manage and conserve their forests through: capacity development on sustainable forest management, secured access to forest resources of economic and livelihoods importance, and legal recognition of their forest access and rights. Furthermore, the thematic programme will contribute to reducing the pressure on forest resources while improving the livelihoods and resilience of communities by promoting sustainable forest livelihoods and non-forest livelihoods activities and market linkages, thereby offering opportunities for enhancing incomes, and diversifying livelihoods strategies to make them less vulnerable to stress and shocks. This includes awareness raising on the benefits of family planning in order to address some of the root causes of deforestation, environmental degradation, and poverty. Emphasis will be on social inclusion ensuring that vulnerable groups, women and youth participate in forest-related decision-making and benefit from livelihoods improvements. Since the Regional Government and the Zonal Administration have the responsibility for promoting forest conservation and livelihoods improvements; further development of their capacity in this regard is an important component of the thematic programme. Moreover, the programme will support the Ministry of Environment at federal level strengthening its capacity to address social issues in the overall framework for the promotion of inclusive and sustainable forest management.

During the inception phase, analyses and community consultations will be carried out to identify sustainable options with the best economic and social potential for the communities in the Kaffa Biosphere Reserve.

Results framework

Thematic Programme title		**Climate Resilient Forest Livelihoods**	
Thematic Programme 3 Objective		Improved and climate resilient livelihoods, while maintaining and enhancing carbon stocks and other ecosystem services and products	
Impact Indicator		# of households benefiting from the CRFL programme[21]	
Baseline	Year	2018	To be determined during the inception phase
Target	Year	2023[22]	22,849 households report they have benefitted from the CRFL programme's interventions
Outcome 3.1		Incomes are diversified and increased	

21 Impact/core indicator for Danish Climate Envelope

22 The final year of the results framework is mid 2023 as the reporting follows Ethiopian Fiscal year, which is between 8th July - 7th July.

Thematic Programme title		**Climate Resilient Forest Livelihoods**	
Outcome indicator		% increase in incomes derived from forest and non-forest livelihood activities for participatory forest management (PFM) members (disaggregated by gender and youth)	
Baseline	Year	2018	Current economic situation to be determined during the inception phase
Target	Year	2023	25% average income increase for 9,200 households
Outcome 3.2		Forest resources and ecosystem services are protected/conserved	
Outcome indicator		# of ha of forests under sustainable management[23]	
Baseline	Year	2018	34,340.2 ha of natural forest under participatory forest management with additional need for functionality (disaggregated by core, buffer and transition areas)
Target	Year	2023	44,090.6 ha of natural forest under participatory forest management (disaggregated by core, buffer and transition areas) and fully functional systems in place

Choice of partner, modalities, capacity building and technical assistance

The SNNPR Regional Government, through its structures from regional to local levels, is responsible for service delivery in the Kaffa Biosphere Reserve. While the Regional Government has experience in promoting participatory forest management and sustainable livelihoods, it still faces capacity constraints and the analytical foundation for its interventions appears insufficient. Support for capacity development and technical assistance throughout the thematic programme period will be mobilised by the Danish Embassy as part of Outcome 3.2. The needs for targeted capacity building will be identified during the inception phase. The Zonal Administration has a history of ad-hoc technical cooperation with NGOs and continuation of this practice is encouraged under the thematic programme, as is cooperation with local academic institutions.

The Ministry of Environment will be responsible for providing additional technical assistance through its new Forest Sector Transformation Unit (FSTU). The Thematic Programme will reinforce this unit with a social inclusion adviser.

Management arrangements and financial modalities

The Danish Embassy will sign an agreement with the Ministry of Finance, the Ministry of Environment and the SNNPR Regional Government.

A *Steering Committee* will oversee programme implementation. It will comprise the Ministry of Finance, the Ministry of Environment, the SNNPR Regional Government (Bureau of Finance and Environment Protection and Forest Authority), the Zonal Administration (Zonal Finance and Economic Cooperation Office, Zonal Environment Protection and Forest Office), the Danish Embassy as well as other stakeholders such as the Norwegian Embassy.

23 Outcome/supporting indicator for Danish Climate Envelope (mitigation)

The *CRGE Facility/Ministry of Finance* shall be responsible for financial management and control, disbursement of funds, and finalisation and submission of technical and financial reports.

The *Forest Sector Transformation Unit/Ministry of Environment* shall monitor programme implementation, review and consolidate progress reports, provide technical support, capture and disseminate lessons learned, and link the experience gained to the international climate negotiations. The Ministry of Environment will submit the monitoring reports and other relevant reports to the Danish Embassy. A social inclusion adviser at the Forest Sector Transformation Unit will be mobilised by the thematic programme to enhance the capacity of the CRGE Facility and the SNNPR Regional Government and Kaffa Zonal Administration to analyse and address social issues, identify measures to secure inclusion, and promote family planning and sexual and reproductive health and rights as means to curb population growth and the associated increasing pressure on forest resources.

The *SNNPR Regional Government* shall be responsible for implementation in the Kaffa Biosphere Reserve and for preparing progress reports and financial reports. Progress reports shall be submitted to the Ministry of Environment and financial reports to the Ministry of Finance. The Zonal Administration shall be responsible for day-to-day programme management and implementation. A programme coordinator, a participatory forest management expert, and an accountant will be employed by the Zonal Administration and financed by the thematic programme to work on the thematic programme and REDD+ within the Zone.

The *Danish Embassy* will finance the thematic programme. Staff terms of references and candidate evaluation grids for the positions financed by the programme shall be submitted to the Embassy for non-objection before finalisation and recruitment. The Embassy will maintain a dialogue with the Government at political and technical levels.

The *financial management* arrangements shall follow the Government's financial management, disbursement, and procurement rules and procedures. The Embassy will transfer programme funds to the CRGE Facility/Ministry of Finance, which shall open a designated account at the federal level for the Danish funds. The SNNPR Bureau of Finance shall open accounts for the Danish funds at the regional and zonal levels. The Ministry of Finance will transfer funds to be used at the federal level to the FSTU at the Ministry of Environment, and it will transfer funds to be used in the Kaffa Biosphere Reserve to the SNNPR Bureau of Finance, which will transfer the funds via the Administration Zonal Finance and Economic Cooperation Office. Funding for capacity development, technical assistance, monitoring, and reviews will be managed directly by the Danish Embassy.

Monitoring framework

The technical staff of the Zonal Administration and the Woreda administrations shall be responsible for gathering and reporting on baseline and monitoring data for the indicators in the results framework. Semi-annual progress reports shall be prepared, documenting implementation progress vis-à-vis annual work plans. Annual reports shall also capture progress on all indicators, and provide an analysis of the risk matrix and factors affecting implementation. echnical assistance will be mobilised during the inception phase, and will support the development of the monitoring and baseline data collection capacity. The Regional Government, the Ministry of Environment and the CRGE Facility will review the progress reports and provide technical assistance to ensure there is capacity to systematically monitor and report on indicators. The reviewed reports will be submitted to the Danish Embassy. The Embassy will engage an international monitoring consultant who will assist with assessing progress, results, challenges, and options for improving

implementation. As mentioned above, the Embassy will also procure support for capacity development and technical assistance through a long-term contract.

The Danish Embassy shall have the right to carry out any technical or financial mission that is considered necessary to monitor the implementation of the programme. An inception review and a mid-term review will be carried out.

Budget

	2018-19	2019-20	2020-21	2021-22	2022-23	Total
	Million DKK					
Output 3.1.1 Community-members engage in climate resilient and sustainable forest and non-forest production, businesses and practices	0.8	5.3	5.3	5.3	5.3	**22.0**
Output 3.2.1 Participatory forest management is in place in Woredas and enforce forest protection	0.5	2.0	2.5	2.0	2.0	**9.0**
Output 3.2.2: Enhanced capacity of Government - of which:	1.4	3.0	3.0	2.5	1.6	**11.5**
- Programme management in Kaffa Zone (equipment, coordinator, participatory forest management expert, accountant)	*0.5*	*1.0*	*1.0*	*0.5*	*0.5*	*3.5*
- Social Inclusion Adviser at MEFCC	*0.1*	*0.3*	*0.3*	*0.3*	*0.4*	*1.4*
- Capacity building (incl. exposure) and technical assistance for the Kaffa Zone, incl. monitoring and reporting (managed by the Danish Embassy)	*0.8*	*1.5*	*1.5*	*1.5*	*0.5*	*5.8*
- 2 MSc scholarships in participatory forest management at Danida Fellowship Centre/University of Copenhagen (managed by the Danish Embassy)	*0.0*	*0.2*	*0.2*	*0.2*	*0.2*	*0.8*
Program management and operations including monitoring, supervision and quality assurance (MoFEC + MEFCC)	0.2	0.2	0.2	0.2	0.2	**1.0**
Reviews, communication, studies (managed by the Danish Embassy)	0.5	0.0	0.5	0.0	0.5	**1.5**
Total	**3.4**	**10.5**	**11.5**	**10.0**	**9.6**	**45.0**

The technical assistance for capacity building will be administered by the Danish Embassy and tendered in one, sole contract, while the monitoring consultant (funded from Programme Management funds) will be tendered either separately or as part of a comprehensive M&E contract.

Summary of risk analysis

The main *contextual risk* is that population growth and increasing demand for land is putting an increasing pressure on forest resources, and there is a risk that population growth and the demand for land may overwhelm the effort to promote participatory forest management. There is scope for including awareness raising on the negative impact of large family sizes and family planning in the training programmes to mitigate this risk. Furthermore, the lack of enforcement by the police and the judiciary, when participatory forest management groups report illegal activities could affect the long-term commitment of the communities to sustainable forest management.

The main Programmatic risks are:

- Insufficient absorption capacity in the Administration Zone to handle a five-fold increase in the funding compared to previous Danish support. Several measures have been taken to mitigate this risk, of which the most important is the strengthening of the Zonal Administration with staff resources and capacity development. The financial management has been aligned to the normal Government procedures to avoid disbursement delays, but this risk will still have to be monitored closely from the Danish Embassy.
- Some livelihoods and reforestation options promoted may not be fully environmentally, socially or economically appropriate. To mitigate this risk, the environmental, social and economic aspects of different livelihoods and reforestation options will be assessed during the inception phase. Only options, which are sustainable in all three dimensions, will be promoted. Non-indigenous species will not be introduced in forested areas.
- Regarding the sustainability of the participatory forest management established, the key element is the role of the Regional Government, which has a permanent institutional presence. However, the risk is that it will not have the sufficient financial resources to continue the support, once the engagement has finished. A sustainability strategy and a gradual phasing out will help mitigate this risk.

Joint management arrangements

A REDD+ programme financed by Norway was expected to commence in 2018, but it has experienced significant delays, the implementation structure is not yet in place, it has not yet engaged in the Kaffa Biosphere Reserve, and it has a stronger focus on mitigation than on adaptation and livelihoods. Denmark is under the GATE programme directly supporting participatory forest management and climate resilient livelihoods in the Kaffa Biosphere Reserve. It is though deemed more appropriate to build on and expand the existing Danish partnerships in the Kaffa Biosphere Reserve. Nonetheless, the staff recruited for the thematic programme will also work on REDD+.

6 Thematic Programme 4: Governance and Human Rights

The Thematic Programme (TP) has the *overall objective* of contributing to the further development of democratic governance and human rights in Ethiopia through enhancing the capacity of the public sector, human rights protection and public participation. This aligns with one of the nine pillars identified in the GTP II. The Thematic Programme enhances Danish support to gender equality and civil society and contributes to participatory governance. This contribution will comprise two non-earmarked contributions of:

- DKK 20 million to UNDP's Governance and Democratic Participation Programme (GDPP) and
- DKK 20 million to UN Women for the Ending Violence Against Women and Girls (EVAWG) and Ensuring Gender Responsive Democratization Process (EGRDP) projects.

The governance and human rights engagements reflect important priorities for Ethiopia: they feature amongst the areas highlighted in the GTP II and are among the demands of the popular protests that have taken place over the past few years. As such, the TP is itself a risk mitigation mechanism for the broader Country Programme. The reforms proposed by PM Abiye, and the Government's willingness take a broader-based, more participatory approach to governance signal a sea change in attitudes which forms the impetus for this Programme.

Support to GDPP will be for three years (2019-2021). It is the main multi-donor mechanism supporting accountability within the governance sector.[24] The GDPP is a pooled programme (USD 40 million, 2017-2021) currently supported by Sweden and Austria, with Norway also expected to join. It aims to support a range of institutions to improve capacity, accountability and transparency as well as increase social cohesion, dialogue and civic participation. Support to PVAWG and EGRDP will be for 4 years (2019 – 2022). UN Women provides the main mechanism for prevention and response to GBV in Ethiopia[25] implemented through local partners. While the PVAWG Project will be supported by Irish Aid, Sweden and Norway will provide core funding to the entire UN Women Strategic Note (comprising 4 programmes).

6.1 Strategic considerations and justification

National priorities and challenges

In 2018, Ethiopia finds itself at a political cross roads with a new Prime Minister facing the need to reconcile demands for faster and more extensive reform and a political and governmental system that is traditionally cautious about steps that might loosen its control. Prime Minister Abiye Ahmed's programme and the extent of his backing within the ruling coalition will be crucial for determining Ethiopia's future in the short and medium term.

A number of positive steps have already been taken, including reshuffling ministers, firing obstructive civil servants, and reaching out to Eritrea and Somalia. Thousands of political prisoners have been released from prison. Steps have been taken to promote freedom of speech; bans have been lifted on websites and other media. A number of organisations prescribed as terrorist have been removed from Ethiopia's terrorist list. Exiled opposition figures have returned home, and the state of emergency has been lifted. The PM has appealed to the large diaspora to participate in the development of the country and made a visit to the US where he met with the diaspora to underline the message. The state of war with Eritrea has ended, and the two countries

24 The GDPP contributes to three broad outcome areas, namely: a) improved inclusion, social cohesion and sustainable peace; b) responsive, accountable and inclusive systems of governance; and c) empowered and responsible citizens.

25 In the humanitarian sector, UNHCR is the lead agency for GBV.

have agreed to restore diplomatic relations, flights and telecommunications, as well as allowing Ethiopia's use of Red Sea ports.

Although highly popular, the reforms will not be easy nor without risk. Ethiopia's policy of ethnic federalism is reportedly under review, which is likely to be controversial for some as ethnic tensions persist in some parts of the country.[26] Changes that risk unsettling existing political interests are likely to lead to a backlash. There is a real danger of existing ethnic tensions being fanned for political purposes: September 2018 has seen a flare-up of violence and displacement. As the new leadership loosens restrictions, spoilers can take the opportunity to mobilise. An intelligence and law enforcement community previously reliant on repressive and abusive tactics is not well-equipped to manage confrontations with peaceful and graded responses – leading to dangers of under-enforcement that lead to impunity for abuses committed by violent groups.

Ethiopia is ranked at 107 out of 180 in Transparency International's 2017 corruption perception index. The 2017 World Governance indicators show that Ethiopia improved its performance on governance effectiveness between 2006 – 2011 before falling back in the period up to 2016 (to around 30%). This trend was mirrored in terms of regulatory quality, although at a substantially lower level (around 18% in 2016). In relation to gender equality, Ethiopia has good legal frameworks in place, a Constitutional guarantee of gender equality and a high proportion of women in political life. Women comprise 38.8% of the House of People's Representatives and 32.6% of the House of Federation. Yet, other analyses show: high levels of stigma and lack of access to justice for survivors of GBV; entrenched social attitudes and structural disadvantages in education and family life that exclude women from genuine decision-making.

Other challenges include foreign currency shortages, growing inequality, the youth bulge (more than two thirds of the population is under 30), a shortage of jobs for graduates, significant environmental damage, as well as the hunger for change that could quickly lead to disillusionment.[27]

This Thematic Programme is well aligned with the Government's priorities. The GTP II foresees that strengthened governance and public participation will contribute to the achievement of the national development goals and targets for the next five years; it acknowledges that poor governance is a key challenge and that further strengthening of public institutions and democratic accountability is necessary. The GTP II also notes the need to engage with civil society and strengthen the role of women and youth.[28] Successful execution of these priorities will require stronger implementation capacity, along with improved programme management and oversight – a particular focus for GDPP.

Relevance, impact, effectiveness, efficiency, and sustainability

The thematic programme is anchored in a realistic assessment of the reform context in Ethiopia set out in the Country Programme scenario-planning, which suggests that the governance engagement should be cautious but risk willing. Strengthened public administration, civic participation (especially of women) and inclusion, and action on issues such as corruption and human rights are highly *relevant*. The needs assessments and priority attached to these areas by the Ethiopian Government in its development plans, by civil society, by citizens and by the international community, all underline this. The Thematic Programme contributes to SDG 16

[26] Ethiopia violence a concern despite reform promises, Human Rights Watch, 15 August 2018
[27] The Guardian, 8 July 2018
28 GTP II, June 2016

(Peace, Justice and Strong Institutions) and SDG 5 (Gender Equality) and the African Union's Agenda 2063.

By supporting the Federal Ethics and Anti-Corruption Commission (FEACC) and the Ethiopian Human Rights Commission (EHRC), and increasing their capacity to scrutinise abuses, this Thematic Programme focusses on two of the most serious issues undermining good governance in the country. The thematic programme has been designed so that its *effectiveness* and *efficiency* are optimised to the extent possible in the operating environment; for example, by ensuring that the engagements are closely aligned to emerging plans; that focus on enabling activities (such as strategy and its operationalisation); and draw upon the comparative advantages and experience of the implementing partners. An important factor here is UNDP and UN Women's good access to the Government and to the beneficiaries concerned in their respective programmes. The joint funding approach will also contribute to efficiency through limiting transaction costs and ensuring access.

The thematic programme's ability to produce results that have *impact* is strengthened through its anchoring amongst a small number of engagements (initially two) and use of a flexible approach that is responsive to emerging opportunities. Now that there is a more positive environment emerging for civil society, the thematic programme will exploit possibilities for engaging with civil society where possible and relevant, using the unallocated funds. The aim is to help to maintain a broad base of civil society in the country and encouraging the development of stronger transparency, accountability and access to skills, while remaining conscious of the limited absorption capacity in the country (see 'Unallocated Funds' below). Strong local anchoring also contributes to the overall *sustainability* of results; for example, through putting in place national systems and capacity that extends to the regions and by stimulating demand. Monitoring and feedback mechanisms will help institutional learning and policy development and also support sustainability.

Danish strengths, interest and opportunities

The support to governance, gender and human rights is fully in line with the Danish development strategy – *the World 2030* – and with the Danish Country Policy for Ethiopia, which highlights good governance, human rights and justice. The Programme builds on Denmark's *strengths* and *interests* in combating corruption and strengthening accountability mechanisms, largely manifested through the GDPP which complements the Danish Peace and Stabilisation Fund's longstanding contribution to the Attorney General's Office, the Ethiopian Financial Intelligence Unit and other institutions in relation to anti money laundering.[29] In the area of gender and human rights, Denmark provides support through GDPP to the Ethiopian Human Rights Commission, and through UN Women in the area of preventing and responding to GBV.

The Thematic Programme builds on Denmark's support to gender equality and human rights through a number of engagements not in the Country Programme:

- Improved responses to GBV through support to UN Women for a safehouse in Adama currently funded through the Local Grant Authority with a grant of DKK 4,25 million
- Increased access to justice and legal aid in prisons though the "Justice For All" NGO funded by the Local Grants mechanism.

29 The Peace and Stabilisation Fund has been supporting Ethiopia's Counter Terrorist Financing infrastructure since 2012, mainly supporting the Ethiopian Financial Intelligence Unit (FIU).

- Improving women's role in the technology sector through support to UN Women for the "African Girls Can Code" initiative funded by the Techvelopment Envelope (2018-2022) (totalling DKK 10 million).

The changing context opens many *opportunities* to support good governance, and RDE's unallocated funds will enable response to support areas where Danish strategic priorities are aligned. As RDE has to balance this with the available resources to manage engagement, any additional engagements will preferably be channelled through multi-donor mechanisms, managed by trusted and experienced partners. It is anticipated that a substantial amount will be allocated to civil society support, once the political context, partner needs and absorption capacity becomes clearer (see 'Unallocated Funds' below).

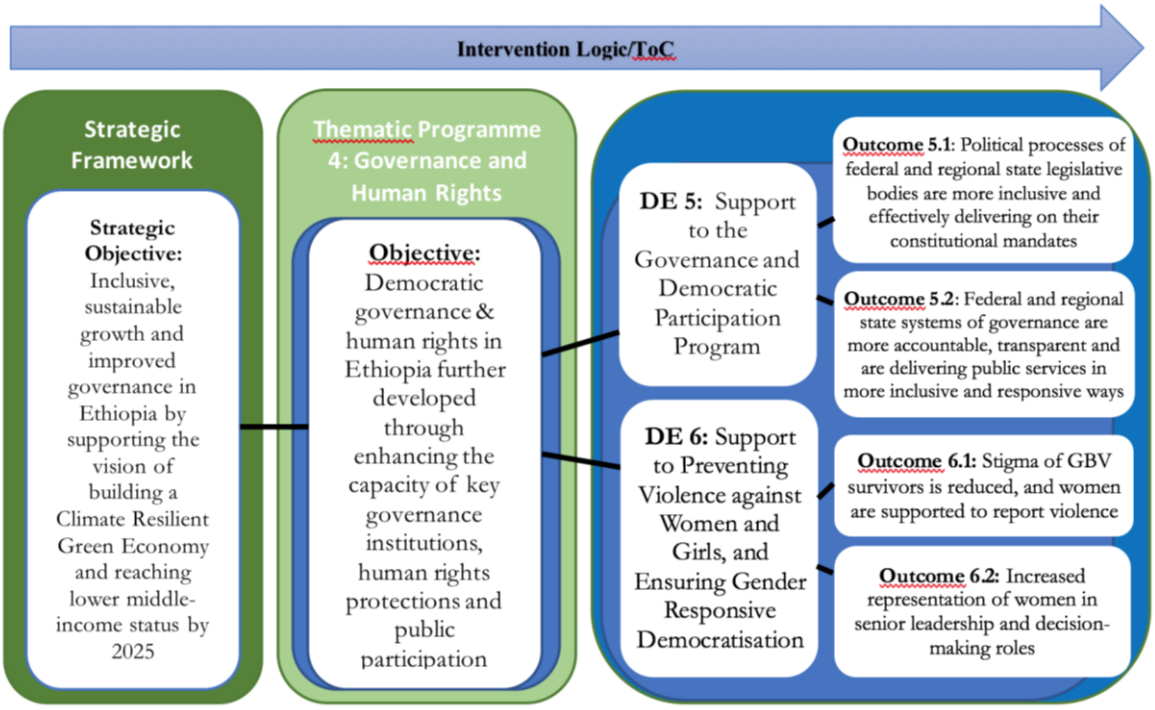
Justification of choice of partners

The governance landscape in Ethiopia is changing rapidly with new possibilities opening for strategically placed interventions. *UNDP*'s GDPP has the full support of the Government and is closely aligned with its national development plan, the GTP II. Most recently, it has expanded to include the Prime Minister's Office (PMO) as a direct partner, which is a very positive development. The GDPP thus presents an opportunity for Denmark to engage with leading government institutions (as key duty bearers) while also encouraging linkages with citizens and civil society (rights holders).

Likewise, *UN Women* is strategically well placed to continue its support of gender equality and women's empowerment in Ethiopia. Given the priority attached to enhancing women's rights and the role of women in the GTP II as well as the continuing and pressing needs for further action in this area, UN Women's cooperation with the Federal and Regional Governments gives it a unique insight, access and profile. Moreover, UN Women also has a track record with Denmark and other like-minded donors and a demonstrated capacity.

Theory of Change and key assumptions

The overall change logic is that *if* Denmark supports targeted, aligned and harmonised interventions from GDPP and UN Women in the cross-cutting areas of public sector strengthening, human rights protection and civic engagement, *then* public institutions in Ethiopia will improve their delivery of services, be more accountable and be more able to meet human rights obligations especially to women and girls in a manner consistent with international standards and the expectations of the Ethiopian people.



Regarding the institutions at the centre of government, the change logic is that the uptake of stronger policies, capacity development and outreach through the ministries and agencies concerned, their regional offices and other institutions will lead to stronger performance and contribute to curbing a culture of rent-seeking and impunity, strengthen social trust, contributing to more effective and efficient public services and stronger relationships between duty bearers and rights holders. The benefits here will also be felt in other sectors. Secondly, increasing the understanding of *Human Rights* through the institutions of government and civil society and rights bearers (including victims of gender based violence and the most vulnerable groups in society), will improve human rights protection because it will contribute to stronger and more human rights compliant policy and practice. The support to civil society acts as an essential enabling factor linking citizens, including women, youth and vulnerable groups (rights holders) to government (duty bearers). Third, that increasing the capacity and numbers of women in senior leadership roles in government at Federal and Regional level will change the perception of women's roles, will encourage women to enter public life, and will lead to more gender sensitive policies and laws.

The Thematic Programme has been expanded and its objective broadened during formulation on the *assumption* that the current reform agenda will proceed as planned (as described in the *Scenarios* section). The Thematic Programme assumptions are that:

- the Government will continue to articulate and take ownership of the overall reform process, in particular, the areas related to corruption;
- national partners will engage with citizens, the UNDP, UN Women, and donors in a way that is participatory and realistic with achievable goals;
- a constructive cooperation with civil society will develop and be extended;

- reforms are appropriately sequenced and harmonised so that they are cohesive and lead to the intended results (i.e. robust, results based programme management);
- international partners are transparent and harmonised; and that neither political uncertainty nor economic and fiscal constraints derail the process.
- the operating environment for CSOs becomes more relaxed so that CSOs are able to participate actively in democratic governance, representing their various constituencies, and that government agencies broaden the scope for civil society engagement beyond service delivery.

While overall contextual risk to the Country Programme is manageable, and mitigated by the choice of multi-donor partners with track records that demonstrate they can respond to a range of scenarios, this Thematic Programme has a high risk from negative scenarios. The Prime Minister is personally leading the reform agenda and this appears to be highly popular in the country. But the extent to which that can withstand changes in the political context will shape the speed and scope of change. The challenges include:

1. Parties within and outside the ruling coalition fail to support revisions to the legislation and policy that would make the reforms meaningful.
2. The PM may not receive a strong mandate in the 2019 elections.
3. The elections in 2019 and 2020 may be undermined by issues such as political violence, opposition non-participation, doubts about legitimacy due to the electoral register or irregularities in the process.
4. Ethnic and political violence, which has plagued Ethiopia could destabilise individual regions or wider swathes of the country.
5. Economic pressures mount as Ethiopia remains dependent on loans to manage debt, and the challenges associated with opening up previously protected economic sectors.

Any one of these issues could lead to a significant diversion of political will and attention away from governance reforms, while a combination of factors could effectively de-rail them. This would present serious challenges to the Thematic Programme, although the selection of partners and unallocated funds to manage programming allows a degree of resilience to such changes. However, a significant negative change involving reintroduction of restrictions on human rights, and civil liberties would require significant re-programming as the TP objectives would not longer be achievable. The Midterm Review therefore has additional importance in reviewing and updating the scenarios and objectives in light of progress on these issues.

Integration of lessons learned

The design of the thematic programme builds upon experiences and lessons learned from previous Danish support to the governance sector, human rights gender and civil society which includes support to the UNDP managed Democratic Institutions Programme, 2008-2012; elections support, also managed by UNDP (2014-2016); and to anti-money laundering/counter terrorism, financed through the Peace and Stabilisation Fund and implemented by the Global Centre on Cooperative Security since 2012. The programme also learns from previous Danish support to UN Women to manage a safehouse for survivors of GBV and to the "African Girls Can Code" initiative. The approach that will be taken builds upon common understandings of project scope and modalities; local ownership, trust and leadership; exposure to international good practice; technical knowledge exchange that reinforces the independence of the institutions concerned; clear outputs (milestones) of relevance to national policy objectives; and use of a

technically strong programme implementation unit, all of which are amongst the experiences gained from the previous support. [30]

The terminal evaluation of the last phase of the UN Women VAWG project in 2017 highlighted uneven monitoring leading to weak information feeding management decisions, little evidence how the programme contributed to institutional change in the justice sector, and a need for stronger coordination and leadership of efforts in combating VAWG. These issues have been addressed in the new phase of the VAWG projects. The management, monitoring and financial reporting issues will be strengthened by Denmark linking disbursement of funds in to reporting and satisfactory delivery of previous tranches, on a semi-annual basis.

Application of a Human Rights-based Approach

The Thematic Programme will directly contribute towards the realisation of Ethiopia's international, African and domestic human rights obligations and the standards that they embody. The programme will strengthen transparency (largely through human rights reporting and anti-corruption mechanisms) and, through that, accountability (in relation to prevention of impunity for corruption and abuse by public officials, including law enforcement). It will contribute to the strengthening of public institutions and the participation by citizens and civil society as women's capacity in leadership is increased, and civil society organisations mobilised to reach out to communities on gender equality and GBV. Furthermore, participation and inclusion (through increased outreach of institutions in Ethiopia's regions) and non-discrimination (by strengthening the institutions mainstreaming of gender as well as focus on vulnerable groups), will be promoted. Government and civil society monitoring, investigation and reporting in these areas will be strengthened. Where appropriate, data collected for monitoring purposes will be gender disaggregated.

6.2 Thematic Programme summary

Thematic programme objective

The thematic programme has the overall objective: *democratic governance and human rights in Ethiopia further developed through enhancing the capacity of key governance institutions, human rights protection and public participation,* which is closely aligned to GTP II.

Short summary of the development engagements

The thematic programme comprises two engagements:

1. Core support to the Governance and Democratic Participation Programme (GDPP), together with Sweden, Austria and Norway. Denmark will support this engagement with DKK 20 million, starting in 2019.
2. Support to preventing violence against women and girls and delivering essential services to survivors, and strengthening women's capacity to participate in governance institutions at leadership level through UN Women. Denmark will support UN Women with DKK 20 million from 2019 -2022.

In light of the positive governance changes in Ethiopia both programmes are prepared to adjust their focus, although it is not currently expected to significantly impact on the outcome level results. In addition, the thematic programme is expected to draw upon **unallocated funding** to support other areas of strategic importance that may require support, notably supporting free, fair

30 Evaluation of Democratic Institutions Programme, UNDP, 2013; Election Support Project, Terminal Report, September 2015, UNDP; remarks from Global Centre, March 2018.

and peaceful elections. This strategic use of unallocated funding will be in accordance with the overall objective of the thematic programme and based upon an assessment from the Danish Embassy in Addis Ababa. The Country Programme's Mid Term Review (MTR) also provides a mechanism through which decisions can be made regarding use of unallocated funds.

Development Engagement 5: Governance and Democratic Participation Programme (GDPP)

UNDP's GDPP has highly ambitious objectives, which are to: a) *Advance good governance and entrench democratic principles at all levels, with ultimate goal of promoting an all-inclusive and sustainable development agenda*; and b) *Strengthen governance institutions, mechanisms and processes that facilitate and promote transparency and accountability, rule of law and justice, voice and participation, national cohesion and sustainable peace*.

Although the Programme consists of five outcomes, the non-earmarked Danish contribution to the GDPP will be channelled through a single development engagement with two outcomes:

Outcome 1. Political processes of federal and regional state legislative bodies are more inclusive and effectively delivering on their constitutional mandates

Outcome 2: Federal and regional state systems of governance are more accountable, transparent and are delivering public services in more inclusive and responsive ways;

Progress against these outcomes will be achieved through capacity development and other technical support to GDPP national partners, including the Ethiopian Parliament (HoPR), the Human Rights Commission (EHRC), the Ombudsperson (EIO), the Auditor General (OFAG), the Electoral Board (NEBE), the Attorney General (OAG) and the Federal Ethics and Anti-Corruption Commission (FEACC). In addition it is predicted that the Prime Ministers Office (PMO) will now join the programme. Recent reporting indicates that a number of results are emerging; for example, expansion of the legal aid system through support to four regional universities, updating of the electoral board's communications strategy and preparation of training and voters education, needs assessments and networking amongst anti-corruption actors, and the launching of Ethiopia's second National Human Rights Action Plan.

Results framework

The results expected from the cooperation are specified in the engagement documentation and draw from the GDPP programme strategy and implementation plan. The GDPP results framework is being revised by UNDP. A summary of the main outcomes relating to the Danish support areas is presented below.[31]

Engagement	**Governance**
Thematic Programme 4 Objective	*Key government institutions and other stakeholders utilise enhanced capacities to ensure equitable, efficient, accountable, participatory and gender responsive development.*
Impact Indicator	% positive change in Voice and Accountability (V&A) and Government Effectiveness (GE) ratings according to WB WGI[32]

31 The GDPP results framework is being updated by UNDP and the objectives and indicators shown below will be replaced when this work is complete.

32 World Bank World Governance Indicators. 2016 data latest available for baseline.

Baseline	Year	2018	50%
Target	Year	2021	75%
Outcome 1		Political processes of federal and regional state legislative bodies are more inclusive and effectively delivering on their constitutional mandates	
Outcome indicator		Extent to which Parliament takes specific actions as a result of public demands and/or civil society input.	
Baseline	Year	2018	Inadequate
Target	Year	2021	To be defined
Outcome 2		Federal and regional state systems of governance are more accountable, transparent and are delivering public services in more inclusive and responsive ways	
Outcome indicator		Presence of a national anti-corruption strategy targeting high risk sectors and its full implementation	
Baseline	Year	2018	No anti-corruption strategy exists
Target	Year	2021	Strategy exists and is fully implemented

Choice of partner modalities, capacity building and technical assistance

UNDP in Addis Ababa will manage the Danish support alongside that of the other contributors using a mix of direct and national implementation arrangements. UNDP implementation is guided by a Programme Management Unit (PMU) headed by a Chief Technical Adviser, will contract technical expertise where agreed with the national partners based on activities agreed through annual work plans. This includes arranging the possible support from the Danish Institute for Human Rights. The government partners will be responsible for providing counterpart inputs in the form of staff and facilities.

Management arrangement and financial modality

The management of the thematic programme will utilize the structures and procedures established by UNDP. UNDP and the Government counterparts are represented on the Programme Management Board, which is chaired by the Ministry of Finance and Economic Cooperation as the main Government counterpart. A representative of the donor group sits on the board on a rotating basis. The role of the Board is to provide policy direction, approve annual plans and budget allocations, and receive and review annual progress and financial reports. The Board is supported by a Programme Technical Committee chaired by UNDP and one of the participating institutions and has responsibility for quality assurance and technical, operational, and logistic support. Annual Work Plans for each Institutional Partner approved by the Technical Committee and then the Management Board. The GDPP utilizes a modality for funding civil society via its institutional partners and this requires that the partners pass a detailed financial capacity assessment before any funds are transferred.

Denmark will be represented by the Royal Danish Embassy (RDE) in Addis Ababa. The Embassy will participate as an equal partner in the joint donor arrangements that have been established. The Danish Embassy will encourage a close coordination of donor approaches and dialogue with UNDP and the implementing partners. These aspects are further described in the Development Engagement Document. Likewise, the Embassy will participate in the Governance Working Group, as part of the Development Assistance Group in Addis Ababa.

Monitoring framework

The GDPP results framework is being updated by UNDP to reflect the new governance environment and to strengthen its indicators. UNDP will have the overall responsibility for monitoring the GDPP and the Danish contribution and for narrative and financial reporting using common reporting formats. Reports are produced once a year from which progress on the actual Danish engagement (and the GDPP as a whole) will be measured. UNDP will facilitate a mid-term review of the GDPP during late 2019 and this will provide an opportunity for adjusting the programme as required. The scope for aligning the mid-term review of the Country Programme with this UNDP review will be explored in order to minimise transaction costs.

Budget at outcome level

The table below shows the Danish contribution to the GDPP (in Million DKK). The commitment will be made in 2019 in a single tranche and run until end 2021.

Million DKK	2019	2020	2021	Total
Outcomes 1 - 2	6.0	6.0	5.2	17.2
Management costs (UNDP)	1.0	1.0	0.8	2.8
TOTAL	**7.0**	**7.0**	**6.0**	**20,0**

Summary of the risk analysis

The main *contextual risk* relates to shortcomings in political support for and implementation of the Government's reform agenda as set out in the GTP II and its ability to meet citizen's aspirations. As has been noted, the country is at a turning point which could lead to major reforms and economic growth, or, alternatively to flare-up into conflict and even political chaos. As described in the scenario analysis, the partner has been selected partly to ensure limited exposure to these risks. UNDP's track record with the Government, including law enforcement agencies, means it is likely to continue to have positive relationships allowing the engagement to continue even under a negative scenario. However, if widespread violence, restrictions on rights and/or introduction of a state of emergency occurred (an extreme negative scenario) Denmark would need to review and re-programme this engagement. If the context changes so that human rights abuses escalate, the GDPP programme would be even more *relevant*, yet much less likely to be *effective* and *impactful*. In that case, a full review would be required to determine how best to re-prioritise activities to meet the precise needs of such a context. Conversely, a faster reform process than is currently foreseen would only require some activity-level adjustment for more focus on embedding human rights and rule of law issues within the partner institutions.

On the assumption that the context proceeds on a positive or neutral scenario, it is assessed that the *programmatic* risks related to the GDPP vary according to the counterpart institutions involved (for example, for the anti-corruption agencies the risks are slightly lower than for the human rights commission given the political sensitivity of the latter and the recent track record on human rights). Many of the institutions currently lack capacity to fulfil their mandates and this may lead

to a lower than expected absorption capacity and thus also lower rates of delivery. There is also a *reputational risk* for Denmark in being seen to support a government that fails to live up to international standards and through support to an institution (the EHRC) that is not independent. However, this risk will diminish provided the Government delivers on its commitments to open up and engage with citizens and civil society.

The RDE and other donors will pursue a close dialogue with UNDP in order to ensure that the latter reflects a responsive and result orientated approach, responsive to political context. Financial risks are regarded as relatively low as UNDP has strong financial systems in place, although there are risks of financial impropriety in relation to third party grants administered by the two institutions. The responses from the Danish Embassy include careful monitoring of Danish priority areas, regular dialogue, also via other donors and, in the worst case, reconsideration of Danish support. The mid-term review will be an important opportunity to reassess programme progress.

Development Engagement 6: Ending Violence against Women and Girls and Ensuring Gender Responsive Democratization

This engagement will channel DKK 20 million through UN Women to further two overall objectives: *a) reduce stigma to survivors of GBV,* and *b) strengthen women's capacity to participate in governance institutions at leadership level.* This engagement builds on Danish support to UN Women to combat and respond to violence against women and girls since 2015. The new Programme will broaden its support to include two projects implemented by UN Women:

1) Preventing Violence against Women and Girls and Delivering Essential Services to Survivors in Ethiopia (PVAWG); and

2) Ensuring Gender-responsive Democratization Process in Ethiopia (EGRDP).

These projects comprise two of four programmes that make up the UN Women Strategic Note (2017-2020), and are currently in the latter stages of formulation.

Although Ethiopia has achieved considerable progress in bridging gender gaps and strengthening women's empowerment, significant challenges remain. Discriminatory attitudes and behaviours toward women prevail, and violence remains a threat to women's mental, physical, and emotional well-being and empowerment. According to the 2016 Ethiopian Demographic and Health Survey (EDHS) report, 23% of women have experienced physical violence in their lives, and 10% report experiencing sexual violence. The same study also shows high rates of under-reporting (66%) by women and girls. The social context which contributes to stigma and lack of access to justice for survivors of GBV is partly shaped by a lack of gender responsive insitutions, and unequal participation and power of women in public life. Although there has been significant improvement in the number of women attaining leadership positions (notably in the legislative branch), participation of women in the executive branch remains low, both at national and regional level. Additionally, practical, cultural and attitudinal factors challenge the ability of women in leadership positions to effectively influence decision-making. Negative attitudes toward women in leadership, doubts about women's leadership capabilities, limited financial resources, and women's limited interest due to lack of logistic support all impede women's full participation in political life. Denmark will therefore support two UN Women projects which deliver multiple impacts in changing social attitudes, increasing access to justice, and improving representation and impact of women in leadership roles.

Denmark currently supports UN Women through LGA funding allocated to support a safehouse for survivors of GBV. The "Preventing Violence against Women and Girls and Delivering

Essential Services to Survivors in Ethiopia" is a four-year programme (2018-21) which continues and expands work on GBV. The expected outcome of the engagement relating to this project is: *Stigma of GBV survivors is reduced, and women are supported to report violence.* The 2017 end evaluation of the previous project phase described it as "relevant", "effective", "efficient", and having "delivered sustainable benefits." In the next phase the project will scale-up from one to six regions. UN Women will ensure continued Danish funds continue to support the safehouse currently supported by Denmark from LGA funds beyond the current grant (which expires in 2020).

The expected outcome of the EGDRP engagement is: *Increased representation of women in senior leadership and decision-making roles.* Danish support to the EGRDP project will contribute to the overall goal of increasing the participation and effective representation of women in leadership in Ethiopia. The project is currently being piloted at federal and regional level in Amhara region; from 2019-2021 the project will expand to five additional regions (Oromoia, Afar, SNNPR, Gambela, Tigray). The support will be provided as non-earmarked programme support to UN Women.[33] This will allow UN Women to manage the funds flexibly and respond to the degree of uptake and results.

Results Framework.

The results expected from the cooperation are specified in the engagement documentation and drawn from the UN Women programme documents. A summary of the main outcomes relating to the Danish support areas is presented below.[34] As the baseline assessments are yet to be completed, the full results framework is not yet ready, and will be updated once the programme is underway.

Engagement			
Thematic Programme 4 Objective		*Democratic governance and human rights in Ethiopia further developed through enhancing the capacity of key governance institutions, human rights protection and public participation.*	
Impact Indicator		% positive change in Voice and Accountability (V&A) and Government Effectiveness (GE) ratings according to WB WGI[35]	
Baseline	Year	2018	50%
Target	Year	2021	75%
Outcome 6.1		Stigma of GBV survivors is reduced, and women are supported to report violence	
Outcome indicator		Percentage of women and girls who have experienced violence who seek help to stop the violence	
Baseline	Year	2018	23%

33 Ireland will contribute to the Preventing Violence Against Women and Girls project, and Sweden and Norway will contribute non-ear-marked funds to UN Women's Programme outlined in the Strategic Note (2017-2020).

34 The GDPP results framework is being updated by UNDP and the objectives and indicators shown below will be replaced when this work is complete.

35 World Bank World Governance Indicators. 2016 data latest available for baseline.

Target	Year	2021	28%
Outcome 6.2		Increased representation of women in senior leadership and decision-making roles	
Outcome indicator		Percentage of women in higher level management in targeted regions	
Baseline	Year	2018	TBD
Target	Year	2021	TBD

Choice of partner modalities, capacity building and technical assistance

UN Women has been operating in Ethiopia since the agency was formed in 2010. It has strong relationships with the Ministry of Women and Children's Affairs at national level and the Bureau of Women and Children's Affairs at regional level as well as other key government stakeholders. UN Women additionally works closely with a range of civil society actors including gender rights, legal aid and advocacy organisations, religious organisations, schools, universities, private and public media, and the Ethiopian Broadcasting Authority to bring about the necessary attitudinal change at the community level.

The programme has been devised on the basis of the current legal restrictions. In the eventuality that the CSO law and media law changes, UN Women will adjust their programming approach to openly engage in rights-based discussions, and draw in women leaders in political parties into the EGRDP programme, and maintain a dynamic approach that is responsive to the context. RDE will support this through close engagement by the Programme Officer responsible for gender, and the Bilateral Team Counsellor.

Management arrangement and financial modality

The engagements will be managed by the UN Women Ethiopia Country Office under the overall supervision of the UN Women Representative to Ethiopia, African Union and UNECA. Each outcome area (PVAWG and EGRDP) will be led by a Programme Manager who will provide technical support and capacity-building for high quality implementation as well as guarantee financial management and reporting. Implementing partners will report to UN Women quarterly. Denmark's funding commitment will be for the entire Country Programme cycle, but with two annual disbursements. Currently UN Women reports to donors at an annual meeting where progress on the entire Strategic Note is reviewed, audited financial and narrative reports and progress towards outcomes discussed. Participation in this has strategic benefits to Denmark's awareness gender at a strategic and contextual level. The RDE will additionally meet UN Women at a 6-monthly review meeting to discuss budgets and financial statements and brief narrative updates. Disbursements will be linked to reporting requirements i.e. twice a year narrative and budgetary reporting, with a requirement that 80% of the last 6-month tranche has been spent. This mechanism will ensure close oversight within the resources available, and limit the risks. These meetings will be supplemented with informal engagement on an ongoing basis with the RDE Programme Officer responsible for gender. RDE will continue to participate in the Gender Working Group meetings.

Monitoring framework

The Programme is reviewing the possibility of engaging monitoring consultants using Programme Management Funds but in light of the changes to the TP size, the precise scope of such a contract has not yet been determined. The governance sector's years of repression means there are significant gaps in knowledge that is required for effective analysis, planning, baselining monitoring and evaluation. Commissioning such research and knowledge products would add significant value both by deepening the Embassy's understanding of complex issues and by providing a resource for donors. This would have the additional benefit of giving Denmark a unique profile within the governance sector despite being a relatively small donor. RDE is therefore scoping the options to contract a local implementing partner (potentially jointly with an international organisation) to undertake the Monitoring, Evaluation and Learning components of the Thematic Programme, with a view to contracting in early 2019.

Within the EGDRP project, a Performance Monitoring Framework (PMF) will be developed within six months of project inception and become an integral part of the project management framework. Baseline data will be collected and used for systematic monitoring. UN Women plans to generate knowledge products throughout the projects, which will also become part of project results frameworks. Similarly, internal monitoring will be conducted throughout implementation of the PVAWG project. Moreover, both projects will benefit from Mid-Term Reviews (PVAWG in late 2019, and EGRDP in 2020) focussing on processes and progress towards results. The MTR feedback will be used to improve project management and results frameworks, and will also provide an opportunity for any changes, if necessary, in intervention areas. The MTRs will allow adjustments of the UN Women strategy and results framework in line with the prevailing context. These in turn will inform the Country Programme MTR and any necessary updates to the engagement documents.

An additional layer of monitoring by RDE will be achieved by linking payments to reporting. UN Women will be required to have spent at least 80% of the last 6-month tranche before Denmark will release the next.

Budget at outcome level

The table below shows the planned Danish contribution to UN Women (in Million DKK).Funds are allocated as un-earmarked inside the two respective programme. Changes to this distribution can be made with the agreement of the RDE.

Million DKK	2019	2020	2021	2022	Total
Outcome 1	4.0	4.0	4.0	0.0	12.0
Outcome 2	2.0	2.0	2.0	2.0	8.0
TOTAL	**6.0**	**6.0**	**6.0**	**2.0**	**20.0**

Summary of the risk analysis

There is some *contextual risk* that would negatively impact on implementation. With respect to civil unrest, the pilot phase of the women in leadership programme dealt with street unrest by temporarily reorienting and re-sequencing activities to avoid risky or high-profile activities. On the assumption that the scenario remains neutral or tends towards negative, this approach will be applied to mitigate risk. However, if the context is strongly negative violence could become significant and widespread: the pattern of ethnic violence to date has included large-scale

displacement and sexual violence. UN Women's engagement with communities and political leaders at Federal and Regional level could be leveraged to respond to, and mitigate such violence. While the general direction of UN Women engagements would remain relevant, it would be necessary to re-programme to focus specifically on the changed context and needs. UN Women programming could be well placed to enable:

- women leaders to speak out against such violence, to participate in dialogue and negotiation leading to peaceful resolutions; and
- provision of emergency services to survivors and capacity building to prevent and respond to human rights violations.

The UN Women engagement objectives would therefore remain highly relevant even in a negative scenario, although the activies, outcomes, outputs and activities would need significant revision. If reform progress is made more quickly than expected, UN Women is well-placed to respond, having formulated the programmes to be ready to respond to changes in the CSO and media laws, and

Although UN Women generally has a good reputation as a capable partner in Ethiopia, there are concerns around *programmatic risks* in concurrently expanding two programmes to new regions where UN Women are less familiar with the context, and where relationships and cooperation with government, CSOs and local communities may be weaker. Research and data gathering in order to effectively baseline, and contextualise the programmes, as well ongoing monitoring and evaluation, are planned to mitigate this risk. Similarly, there is a risk that harmful social norms and attitudes are so entrenched and resistant to change that activities fail to reduce stigma since there is not yet a strong evidence-base to show the effectivess and impact of UN Women's PVAWG approach. This can be mitigated through good baselining to understand attitudes and drivers of GBV in each location where the intervention takes place, as well as regular M&E to review of progress during the course of the programme and change approach if needed. In relation to the EGRDP, there is a risk that capacity-building activities (and outreach) fail to change the negative working environment for women leaders, meaning women remain reluctant to participate. This can be mitigated by outreach to male lawmakers and leaders, as well as female leaders. Fiduciary risks include poor financial management capacity by civil society partners, especially those who have not worked with UN Women before and are potentially less experienced and less well-tested. This can be mitigated through careful financial monitoring and compliance with UN rules and financial capacity building by UN Women as required Another risk is that UN Women's assumptions as to the availability of capable local partners is overly-optimistic, leading to a high risk that the programme will be unable to implement at the quality and speed anticipated. This, in turn would risk outcome targets and budget delivery. To manage these risks RDE will maintain close engagement through regular meetings between UN Women and the RDE Programme Officer, as well as with other donors. The disbursement of funds at 6-monthly intervals, dependent on satisfactory reporting and budget delivery is also designed to help to manage these risks.

7 Overview of management set-up

Programme steering

A Government-to-Government agreement will be signed between the Ministry of Foreign Affairs and the Ministry of Finance and Economic Cooperation for the Country Programme. Major changes, including re-allocation of funds between Thematic Programmes, early termination of engagements or change of engagement partner will be agreed with the Ministry of Finance and Economic Cooperation before taking effect.

Individual management arrangements for each of the Thematic Programmes and development engagement are described in the Development Engagement Documents. Generally, all engagements, except for PSNP, will meet at least twice per year in a steering committee or similar, to analyse and approve progress and financial reports, as well as to approve work plans and budget for the coming period. The steering committees shall preferably be held as joint exercises with other donors. At least once per year, the Steering Committees should discuss the risk matrix and update if needed.

In the case of PSNP, the World Bank is responsible for monitoring and managing risks on behalf of the donor group. The regular PSNP donor coordination meetings shall be used for the World Bank to report on progress and challenges, for the donor group to provide input to the Programme, as well as for the donor group to assess the risk management of the World Bank.

Embassy programme committee

The Embassy Programme Committee is an internal reporting, monitoring, quality assurance and discussion forum. The Committee covers all of the Embassy's Programmes and Engagements and meets four times a year to review programme delivery and focuses its attention on specific implementation challenges that merit joint action or follow-up. The Committee is chaired by the Head of Cooperation, with participation of all programme staff and the financial controller. The Committee reports to the Ambassador.

The Committee will be a key vehicle to monitor the risk management matrix, not least in the governance area. The Embassy Programme Committee will also discuss opportunities arising, e.g. for additional synergies. Due to the challenging and evolving context in Ethiopia, the Programme Committee may also meet on an ad hoc basis.

The Programme Committee shall also discuss the Programme Performance Indicators as reported in the Results Framework Interface, at least once a year before the annual results dialogue with Copenhagen. The focus of these discussions shall be on possible low performing engagements, and how to secure the achievement of the agreed results.

Monitoring, Reviews and Evaluations

Each programme and partner has its own monitoring structure. For the Engagement for CRFL and ATA, it has been decided to procure an external monitoring consultant to supplement the partners' own monitoring. Furthermore, it is planned to supplement the Governance and HR Thematic Programme with either an M&E contract or regular studies, the latter possibly as a framework contract with a think tank or university, to provide more aggregate monitoring of the development of the governance and HR sector in Ethiopia, including risks and arising opportunities, as well as in depth analysis on specific themes.

The contract for CRFL is being tendered, while ATA and the Governance and HR Thematic Programme will be tendered during the first half of 2019, either as one comprehensive M&E contract, or as two separate contracts.

Inception reviews for CRFL and ATA are planned following the first six months of implementation. The review of ATA will furthermore build on the lessons learned exercise for GATE, scheduled to be conducted in the first months of 2019.

A TQS lead mid-term review of the Country Programme will be conducted in 2020. While a bit early in the Programme implementation period, this is considered relevant, due in part to the challenging and evolving context, in part due to the second Growth and Transformation Plan ending in 2020. Finally, national elections are due to be held in 2020.

A comprehensive Embassy monitoring plan will be developed for the duration of the Country Programme. The monitoring plan will schedule major monitoring exercises during the duration of the Programme period, based on an evaluation of risk and relevance for each engagement. The monitoring plan shall encompass both technical and financial monitoring, as well as external and internal monitoring tools.

Financial controls and audits

Three of the four thematic programmes follow the Government's financial management systems and procedures. The accounts are audited by the General Auditor's Office, which generally adhere to the auditing standards of the International Organisation for Supreme Audit Institutions (INTOSAI), while in the case of ATA the audit will be carried out by a private sector auditor. Special audits can be carried out by independent auditors contracted by the Danish Embassy or a group of donors, when considered necessary.

In the case of UNDP, UN Women and WFP, the overall financial management will be according to UN systems and accounting procedures (mostly IPSA) and is subject to the single audit principle. However, funding for Government partners will follow the Government financial management systems and procedures, but report to the respective UN organisation.

8 Programme budget

The total budget for the country programme per thematic programme is shown in the table below.

Million DKK	2018	2019	2020	2021	2022	TOTAL
Thematic Programme 1. Agricultural Commercialisation Clusters	0.0	78.0	87.5	87.5	87.5	**350.0**
Thematic Programme 2. Coherence between humanitarian responses and development cooperation	50.0	115.0	112.5	112.5	62.5	**450.0**
Thematic Programme 3. Climate Resilient Forest Livelihoods	2.0	4.5	11.0	9.4	9.6	**45.0**
Thematic Programme 4. Governance and Human Rights	0.0	13.0	10.0	10.0	10.0	**40.0**
Unallocated	0.0	10.0	20.0	15.0	20.0	**90.0**
Programme management	0.0	5.0	5.0	5.0	5.0	**20.0**
Total	**52.0**	**225.5**	**251.0**	**244.4**	**199.6**	**995.0**

The budget line for programme management is administered by the Danish Embassy. It includes the financing of reviews and studies, international monitoring consultants for the ATA-ACC and the CRFL engagements, communication of programme results and technical assistance when needed, including possible mobilisation of support from the Danish knowledge base for the ATA and CRFL engagements. The cost of the inception review and mid-term review of the Climate Resilient Forest Livelihoods engagement will be financed from the engagement budget.

Of the total DKK 995 million, the 45 million for the Climate Resilient Forest Livelihoods engagement are from the Danish Climate Envelope. DKK 250 million for the rest of the programme have already been committed on the 2018 Danish Finance Act, while the remaining funds are expected to be committed on the 2019 Danish Finance Act.

Unallocated Funds

Unallocated funds allow the Embassy the ability to respond to evolving contexts, windows of opportunity and new crises - a highly relevant and necessary capacity in Ethiopia's current transitional state. The funds will be allocated bearing in mind some key criteria:

- Does the engagement support the broader objectives of the Country Programme, especially support to governance and human rights?
- Does the engagement align with Danish strategic priorities and those of the Government as expressed in GTP II?
- Does the Embassy have the necessary human resources to manage the engagement?

A number of priority areas for support have been identified:

Civil Society Support: The Programme has not committed to any programme specifically to support CSOs, although CSOs are involved to a large extent in implementation of the UN Women engagement. Consideration has been given to funding a specific programme to build the capacity of civil society but the options are limited. The EU Civil Society Fund is funded exclusively by the EU, while the Civil Society Support Programme (CSSP) which is a multi-donor arrangement led by DFID and implemented by British Council, is currently fully funded.

The CSSP is a 28 million GBP programme supported by UK Norway, Canada, Sweden and Ireland. The programme is for an initial three years (2018-2020) with the option to extend for a further two years dependent on evaluation of results. Denmark has discussed the potential to join but currently DFID has identified a number of risks in the programme, largely around CSO absorption capacity and its own capacity to disburse the funds received (the Programme is approximately one year late in starting activities) and is highly dependent on the anticipated political reforms opening the space for greater CSO engagement. Given these uncertainties, it has been decided that Denmark will not add any funds until the Programme review in 2020. If the results of that review are positive, the CSSP will be extended by two years, and Denmark will contribute to it from unallocated funds for the final two years of the Programme. If not, the funds will be re-programmed by the Country Programme Mid-Term Review. Meanwhile, in order to engage politically in this area, Denmark has been invited to sit-in on the CSSP donor committee as an observer.

Support to elections: The PM has requested support for the planned national elections in 2020 from all donors, and it is a strategic priority for Denmark. UNDP will be providing a vehicle for support, but Denmark is also exploring other options with donors, including the EU. The key contextual uncertainty in this engagement is the extent to which opposition groups will support the elections if their demands to reform the process and update the electoral roll are not met. Alternatively, the elections would need to be postponed to accommodate these changes as the opposition demands would be impossible to meet within the current timetable. Elections where a substantial part of the opposition refused or failed to participate would likely have negative political consequences and may undermine the legitimacy of the process. The RDE is therefore in discussions with donors and ready to support a suitable mechanism, responsive to the context.

Reintegration of returning fighters: The PM has requested support for his DDR initiative from Denmark and a few other selected donors. The initiative follows up on the peace agreements signed between the GoE and the exiled opposition parties and their armed groups, inviting the parties and armed groups back to Ethiopia. So far, about 5.000 former fighters have disarmed and returned to Ethiopia and are based in five demobilisation camps in the regions of Tigray, Amhara and Oromia. The total number of former fighters is estimated to be about 10.000. Successful demobilisation and reintegration of these fighters is paramount to avoid a potential additional destabilising factor appearing in Ethiopia. The Embassy has already received an allocation of DKK 3,5 million from the Peace and Stability Fund, for both an immediate response and to serve as seed money, before possibly integrating the activities in the Country Programme in 2019. The DDR project office have requested that donors provide technical assistance to help develop the initiative. The Embassy is working closely with other donors to develop a joint response and support to the PM's initiative.

Scholarships for talented university students: Another request from the PM's office is support to talented university students (the gold medal programme) in the field of human capital development. They are intended to return to Ethiopia after their studies abroad to contribute to the rebuilding and development of the country. The RDE is exploring this further, potentially through a partnership with the Danida Fellowship Centre, which is experienced in such programmes.

Legal Aid: Support to legal aid organisations as an alternative form of CSO support, focussed on rights and governance is being explored. Currently, this possibility is at an early scoping stage in collaboration with the EU.

9 Annex 1. Context analysis

1. Overall development challenges, opportunities and risks

Briefly summarise the key conclusions from the analyses consulted and their implications for the programme regarding each of the following points:

General development challenges including poverty, equality/inequality, national development plan/poverty reduction strategy, humanitarian assessment

- Ethiopia's high economic growth has been accompanied by a substantial decline in poverty. Yet, Ethiopia remains one of the poorest countries in the world with very low access to basic services. Ethiopia ranks 174 out of 188 countries on UNDP's Human Development Index (HDI), and 174 out of 186 countries in terms of access to clean water, and 161 in terms of access to improved sanitation.
- Humanitarian situation: Ethiopia continues its recovery from the devastating 2015/2016 El Nino-induced drought that required the delivery of USD 1.7 billion worth of food assistance to nearly 17 million people in many parts of the country. In 2017, roughly 8 million people have been exposed to severe drought in large parts of the pastoral areas of Ethiopia. Even in a 'normal' year, the combined challenges related to accessing food, water, medication etc. are enough to result in a substantial humanitarian caseload. The country is currently hosting more than 880,000 refugees displaced by conflicts, political events, and civil wars in neighbouring countries (mainly, South Sudan, Somalia, and Eritrea). The number of internally displaced people (IDPs) in Ethiopia remains persistently high and increasing (app. 1 million), driven by recurrent droughts, floods, and local conflicts. Responding to this relies heavily on aid assistance, and on well-coordinated efforts from the Government of Ethiopia (GoE) and its development partners.
- Official indicators of inequality remain relatively low in Ethiopia (Gini coefficient = 0.33), but the spatial disparities in many indicators of well-being demonstrate that development has not been entirely inclusive. There are still considerable inequities – especially among the extremely poor. Economic transformation (policies that actively seek structural reforms) has not played a major role in the growth acceleration over the past decade. Looking ahead, inequality in Ethiopia is likely to increase under all scenarios.
- Gender inequality is still high in Ethiopia, and gender-related disparities remain prominent indicators of social inequality. Women remain more vulnerable due to cultural norms and socioeconomic status. Women in Ethiopia are exposed to high incidence of female genital mutilation, physical violence, unwanted pregnancy and/or childbirth, marriage at a young age, sexual harassment, and limited access to appropriate sanitation facilities. According to the 2016 Ethiopian Demographic and Health Survey (EDHS) report, nearly one-quarter (23 per cent) of women have in some point in their lives experienced physical violence while 10 per cent of the women have experienced sexual violence. 34 per cent of married women have experienced spousal violence, whether physical or sexual or emotional, with emotional violence being the most common. Constraints exist on women with regards to employment, socio-political rights and empowerment.

Development in key economic indicators: GDP, economic growth, employment, domestic resource mobilisation, etc.

- *GDP and economic growth:* GDP in 2016 was USD 72.4 billion and GNI per capita was USD 660. Annual GDP growth averaged more than 10% from 2004-2016. Growth has been dominated by massive public investment funded by foreign aid, loans and domestic resource mobilisation. The public investment rate in Ethiopia is the third highest in the world, while private investment is the sixth lowest. GoE runs a persistent low budget deficit (2.4%) and debt is estimated at a relatively low 30.2% of GDP (2015/16). Ethiopia benefits from relatively high levels of foreign aid (USD 3.2 billion in 2016, 4.4% of GDP), high levels of remittances from the Ethiopian diaspora (USD 6.3 billion, 8.7% of GDP), increasing foreign direct investment inflows (USD 3 billion, 4.1% of GDP). Recent slowdown in GDP growth (7.6% in 2016) is mainly associated with the 2015/16 drought, which lowered agricultural productivity and exports, resulting in a high trade deficit (19.8% of GDP). GDP growth projections indicate a somewhat slower, but still high growth (8-9%) in the medium term, and GoE has laid out the ambitious target of achieving lower-middle income status by 2025. Agriculture will remain crucial for economic growth and local livelihoods. In October 2017, the National Bank of Ethiopia devalued the Ethiopian birr by 15%.
- *Employment*: More than 70% of the workforce (31 million people) is self-employed in agriculture, while the sector accounts for 37% of total value-added and roughly half of total exports. About 7.5% (3 million) and 15% (6 million) of the workforce is employed in manufacturing and services, respectively. Over half of

Ethiopia's labour force outside the agricultural sector operates informally in jobs that often do not pay reasonable wages, improve skills or offer much job security.

- *Domestic resource mobilisation*: The tax-to-GDP ratio of 12.7% remains low compared to peer countries (e.g. Tanzania, Uganda, Rwanda), and the proportion of trade taxes is higher than that of direct or indirect tax. Domestic resource mobilisation through the generation of taxes has improved, which may help financing the increased public investment and social spending. However, while the proportion of pro-poor spending out of the total government budget has increased, Ethiopia continues to depend on donor support to underwrite many of the pro-poor basic services.

Status and progress in relation to SDGs, in particular those that are special priorities for Denmark

- *No poverty and zero hunger (SDGs 1+2):* Ethiopia's poverty rates declined from 55-60% in 2000 to 30.7% in 2017, enabling Ethiopia to cut extreme poverty and hunger rates by almost half (MDG target). However, around 30 million Ethiopians still live in extreme poverty and more than double (67% of the population) live in severe multi-dimensional poverty and remain extremely vulnerable to shocks. Although it is forecasted that Ethiopia will be able to reduce these numbers in the next decade, 15-20 million Ethiopians could still be living below the extreme poverty line in 2030.
- *Gender equality (SDG 5):* Ethiopian women are vulnerable to harmful traditional practices like female genital mutilation, forced marriages, early marriage, abductions as well as economic, physical, psychological, and sexual violence. Constraint exists on women employment, socio-political rights, empowerment, and general aspects of wellbeing. In the last decade, GoE has recognised the critical role women's empowerment plays in achieving its development goals and consequently instituted various legal and policy reforms; however, implementation remains a challenge.
- *Affordable clean energy (SDG 7)*: The energy sector has a central role in the Government's development plans, based almost entirely on hydro-power and non-traditional renewables (sun, wind, geothermal, biomass). Ethiopia's potential is huge and will permit the country not only to cater for its own population, but also to export to neighbouring countries. A big challenge is to secure access for the population, as only around 27% of the households are presently serviced. The present phase of the Universal Electricity Access programme aims at achieving universal access by 2025. Even if access is increasing rapidly, the goal is probably not realistic because of the size of the task, but the intention is commendable, and there is no doubt regarding the seriousness of the Government in this respect.
- *Decent jobs and economic growth (SDG 8)*: From 2004 to 2014, real gross domestic product growth averaged 10.8 per cent per year, mainly driven by an expansion of the services and agricultural sectors, while the role of the industrial sector up to now has been relatively modest. As the population grows, urbanisation is also increasing rapidly so there is a need to create decent urban jobs. The GoE has ambitious plans for industrialisation, both directed at the home market and exports, the latter with the creation of industrial zones.
- *Reduced Inequalities (SDG 10): A*lthough GoE has dedicated a major part of its budget to pro-poor services and worked to improve inclusiveness, the rapid economic growth of the country in recent decades has resulted in growing inequality. However, inequality in Ethiopia remains low compared to similar countries.
- *Decent work and economic growth (SDG 8):* The Ethiopian labour force grew from 29 million in 2000 to just over 50 million in 2016. Job creation therefore remains a growing challenge. Total employment increased to >40 million in 2016, of which 31 million are employed in agriculture, 3 million in manufacture, and 6 million in service. An estimated 8% of the labour force is engaged in fulltime paid employment, while the majority is self-employed in agriculture, small-scale businesses and informal work. Over half of Ethiopia's labour force (outside the agricultural sector) operates informally in jobs that often do not pay reasonable wages, improve skills or offer much job security. Underemployment is widespread. The National Social Protection Strategy's first two focus areas are 'Promote productive safety nets' and 'Promote employment and improve livelihoods'. The Productive Safety Net Programme (PSNP) is designed to deliver on these focus areas, with safety net transfers being provided in exchange for participation in public works. The programme also offers Livelihoods support to complement the provision of safety net support, with the aim of moving households sustainably out of poverty in the medium-term. However, other programmes specifically within the agriculture sector are much needed to secure decent work and economic growth for broad parts of the rural population.
- *Climate action (SDG 13):* The country has seen more than 15 drought episodes between 1964 and 2015. Deforestation and forest degradation imply emission of greenhouses gases, and the associated degradation of ecosystem services (e.g. soil protection, hydrological functions, biodiversity, and the provision of forest-based livelihoods) are a threat to the climate resilience of rural communities. GoE and local communities have made some progress in addressing resilience, e.g. through the Climate Resilient Green Economy (CRGE) Strategy, stressing climate-friendly initiatives. One of the central elements of the CRGE Strategy is reforestation, e.g. for land rehabilitation and watershed management – also as a means to increase carbon sequestration. The CRGE Strategy is fully mainstreamed into GTP II (the Growth and Transformation Plan) as well as sector plans, programmes and projects. Further resilience building is an urgent challenge in Ethiopia.

- *Peace, justice and strong institutions (SDG 16):* Compared to its violent past, Ethiopia is in 2018 a relatively stable country. Nonetheless, eruption of political and social protests and unrest in 2015/16 and the declaration of State of Emergency in October 2016 (discontinued from August 2017, reinstated in February 2018 and lifted again in June 2018) shows that Ethiopia still lacks key dimensions of domestic stability. The country's general policy directives and constitution seek to promote equal participation and inclusiveness, although the degree to which this is actually achieved is constrained according to human rights defenders. A key objective of GTP II is to establish democratic and good governance through enhancing the implementation capacity of the public sector and mobilisation of public participation, but implementation is weak. After the election of a new Prime Minister (PM) in April 2018, several initiatives have been taken to strengthen justice, among these the release of thousands of political prisoners, the legalisation of organisations and parties that had hitherto been considered illegal, the return of many persons living in exile, the closure of the most notorious prison, slackening of the controls imposed on civil society organisations, etc. *Partnerships for goals (SDG 17):* GoE has demonstrated its willingness and capacity to work in partnership with Development Partners. Since 2001, The Development Assistance Group has been operational in Ethiopia providing a forum for donors to share and exchange information to foster meaningful dialogue with the government. By adopting more harmonised approaches and enhancing mutual accountability, development partners and the government have come a long way towards realising global aid effectiveness commitments.

Political economy, including drivers of change (political, institutional, economic) (e.g. political will, CSO space, role of opposition, level of donor funding to government expenses, level of corruption, foreign investment, remittances, role of diaspora, youth, gender, discovery of natural resources or impact of climate change etc.)

- *Political situation:* Ethiopia finds itself at a cross roads with the new PM (Abiy Ahmed) from within the ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) coalition. He has embarked on an impressive reform agenda, as mentioned above, and has taken the first steps to end the conflict with neighbouring Eritrea. As a very symbolic step the heads of state have made mutual visits, and the direct flights between the two capitals have resumed. The country is a federal republic with regions demarcated along ethno-linguistic lines, a system that the new PM has called "divisive" hinting at the need for a reform of the Constitution. While in principle operating a multi-party system, the EPRDF has been in power since 1991. At the latest elections in May 2015, the coalition took 100 per cent of the seats in Parliament. This dominance is reflected in all aspects of political life.
- The Government has until recently applied a 'developmental state model' as a guiding principle to political, social, and economic development, but the new PM has signalled a loosening of the State's control of the economy and a larger role for the private sector, including selling stakes in several state-owned enterprises, among these Ethio Telecom and Ethiopian Airlines.
- On the one hand, the 1994 Constitution provides wide-ranging safeguards for civil and political rights and separation of powers in line with international standards and the country has acceded to a number of key international and African human rights instruments. On the other hand, these aspirations are not always fully applied in practice. The 2014 Universal Periodic Review (UPR) included a large number of recommendations addressed, inter alia, at strengthening civil and political rights as well as economic and social rights.[36] In its response, the Government accepted many of these, although it also recognised that progress towards inclusive, participatory and accountable governance required further efforts.[37] International observers confirm this assessment; the World Bank notes that there has been progress in terms of citizen engagement at local level but there are limits to how this is pursued at national level.[38] Human rights defenders point to major constraints concerning participation and accountability as the 2009 NGO law, which has severely restricted the space for civil society organisations (CSOs) to engage on political and human rights issues and curtailed their access to foreign funding, and the 2009 Anti Terrorism Law, that is seen to be vulnerable to misuse.[39] However, some initial steps have already been taken as part of the new PM's reform agenda, creating more space for opposition parties and civil society organisation.
- Since 2015, public dissatisfaction with a range of political, economic and social issues (particularly ethnic marginalisation and forced displacement due to urban expansion) fuelled civil disturbances from ethnic Oromos and Amharas (who together comprise two thirds of the population), contributing to several hundred deaths. The Government's response was to impose successive states of emergency that effectively curbed freedom of expression and assembly and resulted in mass detentions.[40] However, there has also been some recognition of citizens' demands in relation to social development and governance. Through the GTP II, the

36 Report of the Working Group on the Universal Periodic Review, Ethiopia. UNGA 7 July 2014
37 GTP II, June 2016
38 World Bank, Country Partnership Framework, 2018-2022. p9
39 Amnesty International, Public Statement, 2 June 2017
40 Freedom House, 2018

Government has launched a reform agenda, including job creation for youth, increased investments in infrastructure and services, improved governance, and participation. It has followed this up with a number of high profile arrests and asset seizures in relation to corruption. In early 2018, over 6000 political prisoners were released as a gesture towards reconciliation and reform and this has recently been followed up by further release of political activists and legalisation of opposition parties and organisations, creating increased space for political debate.

- The new PM's reform programme and the extent of his backing within the coalition will be crucial for determining Ethiopia's future in the short and medium term. A positive scenario would be a continuation of the present reform path, responding to popular demands for greater regional representation, participation and service delivery and opening up the political space enabling progress against GDP II objectives and increasing Ethiopia's access to foreign direct investment. A negative scenario would see the GoE backtrack from this reform path and a start a renewed crackdown on opposition forces. Failure to address regional demands would leave dissatisfaction amongst the Oromos and Amharas as unresolved threats to stability.
- *Political will:* To date, GoE has demonstrated a high level of efficiency illustrated by the significant progress across economic, social, and human development indicators. GoE has shown determination towards continued progress on economic and social goals, by laying out ambitious development targets in its most recent national development document. All policy choices involve trade-offs, either explicit or implicit. Investing more money in infrastructure for example, diverts resources that could have been spent on health, agriculture, or education, and GoE has until recently made limited progress in relation to international civil and political rights. GoE is committed to equitable economic growth. This will require continued investments in agricultural growth supported by public investments in basic service provision and rural safety nets, which led to the significant reduction in poverty over the past decade, as well as the skills that will enable people to take advantages of job creation in industry and services. The main driver for the recent economic development has been political will, and implemented through large-scale public investments and by addressing poverty reduction through agricultural growth, as well as increased focus on industrialisation and commercialisation. As mentioned, recently reforms have been announced that aim at increasing the role of the private sector and the mobilisation of local resources, as well as resources from the large diaspora.
- *Role of the opposition:* After their strong showing in 2005, the scope for political opposition has been severely weakened with each subsequent election cycle. The May 2015 election results saw the EPRDF win 500 of the available 547 seats with the remaining seats all won by its allies. Following the invitation from PM Abiy, several opposition parties some with polarized agendas (e.g. unity/succession) came back to Ethiopia and have resumed their operation in country. During the period between 2018 and 2020 in the preparation for the regional and national election, some parties may form alliances, while some coalitions may fracture.
- *Level of corruption:* The level of corruption is considered 'high' in Ethiopia; although lower compared to some of the neighbouring countries. It ranks number 107 out of 180 countries on Transparency International's Corruption Perceptions Index.
- *Civil society organisations space:* GoE has until recently applied a very stringent and highly controlled approach to all civil society organisations in the country, be it national or international. Two laws adopted in 2009 (the Charities and Societies Proclamation and the Anti-Terrorism Proclamation) decimated the country's already weak human rights community. With the recent opening up for civil society, CSOs are expected to play a bigger role in the future. Draft of both revised laws have been prepared and are undergoing a public consultation.
- *Level of donor funding to government expenses*: Ethiopia depends on donor support to underwrite many of the pro-poor basic services, e.g. the salaries of primary school teachers, agriculture development agents, and health extension workers. External assistance reached about half of the total health expenditure by 2010/11. While safety net programmes and other social programmes such as PSNP have a high level of donor funding, GoE has taken steps toward increasing domestic financing to these programs. Currently, the ODA to GDP rate stands at 4.4%.
- *Foreign direct investment:* Foreign direct investment is projected to increase from 4.6% of GDP in 2015/16 to 6% in the medium term, reflecting improved competitiveness and policies to attract foreign investment.
- *Remittances:* Remittance inflows to Ethiopia have been increasing in the past several years, reaching an estimated 9% of GDP in 2015/16.
- *Role of the diaspora:* The diaspora has a crucial role in attracting the inflow of foreign investment and the diaspora's investment in different sectors in Ethiopia has reached about USD 3 billion. It is sometimes claimed that the contribution of the diaspora is worth more than the combined outcome of FDI and ODA, but reliable figures are hard to come by. Since the eruption of anti-government protests in Ethiopia in late 2015, its global diaspora has also been deeply involved in efforts to shape the political landscape and be a catalyst for change. However, there are also examples of the diaspora playing a destabilising role, particularly on social media. The new PM has reached out to the diaspora to get them more involved in the development of the country and met with diaspora organisations during his visit to the US and will do the same in the case of the diaspora in Europe.

- *Youth:* GoE has recognised youth-related challenges across a range of socioeconomic and political issues. The rapidly growing number of youths can be seen as a resource and/or a challenge to Ethiopia. In the absence of inclusive growth, large young populations entering working age without jobs or economic opportunities can be a significant driver of social unrest. Over the past five years, GoE has worked to transform the agriculture sector with a focus on increasing agricultural production and productivity of small-holder farmers. These efforts were fragmented, rarely taking a sustainable, holistic, and systems-based approach, which prevented the transformation from taking off. As a result, the focus has shifted to commercialisation, including private sector engagement, and creating jobs, in particular for the rural youth. Under PSNP, GoE have specifically targeted youth in its effort to provide livelihood support and capacity building. In 2016, GoE established a dedicated Youth fund, which aims at stimulating economic opportunities and entrepreneurship. The Agricultural Transformation Agency (ATA) leads the implementation of the agricultural commercialisation programme of GoE following the Agricultural Commercialisation Clusters (ACCs) approach and focussing on Agricultural-led industrialisation, job creation & youth.
- *Climate change:* Recent droughts in 2015/16 and 2016/17 illustrate the potential scale of negative impact from weather and climate changes on food security, nutrition and water access, as well as on a range of other development indicators. Deforestation and forest degradation and the associated loss of ecosystem services (e.g. soil protection, hydrological functions, biodiversity, and the provision of forest-based livelihoods) is further exacerbating the vulnerability of rural communities to the impact of climate change. Ethiopia is a climate ambitious country.

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2. Fragility, conflict, migration and resilience

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Situation with regards to peace and stability based on conflict analysis and fragility assessments highlighting key drivers of conflict and fragility, protection and resilience, organised transnational crime and illicit money flows and how conflict and fragility affect inclusive private sector development and women and youth

- *Key drivers of internal conflict and fragility:* Judging from Ethiopia's overall Fragile States Index (FSI) score over the last few years, the situation in country has been worsening over the past decade. However, the Fragile States Index sees the proportion of Overseas Development Aid (ODA) of GDP as an important fragility factor, whereas in Ethiopia it should not be overlooked that ODA has probably contributed significantly to upholding stability in the last 25 years. The 2017 Fragile States Index now ranks the country at 15 (out of 178 countries) with negative spikes in categories relating to group grievance, human rights and rule of law and state legitimacy.[41] Ethiopia has also declined on several of the World Bank's Governance Indicators (2016), notably voice and accountability, government effectiveness, and regulatory quality (while it has improved on anti corruption and rule of law).[42]
- Large public protests erupted in November 2015 and continued through much of 2016 into 2017, concentrated in the Oromia and Amhara Regions. Protesters were calling for increased political and economic inclusion. Altogether, these protests have exposed deep-rooted tensions between Ethiopia's diverse ethnic groups and brought to the surface longstanding frustrations and grievances over perceived systematic political and economic exclusion of a large segment of the population. The recent social and political unrest has caused significant damage to foreign- and locally-owned businesses. The political reforms promoted by the new PM have gone a long way meeting the demands raised by the regions, but the tensions between the different ethnic groups is the source of conflict that has resulted in loss of life and internal displacement and will not go away easily. Religious-based conflicts are rarely seen in Ethiopia, although local instances can be observed from time to time.
- Recent setback has to been seen within the context of ongoing demographic pressures and natural disasters, and flows of refugees (from conflict-ridden neighbouring countries) and Internally Displaced Persons. Land conflicts, including with ethnic undertones, have also long been a reason for inter- and intraregional clashes in parts of the country. In the absence of inclusive growth, large young populations entering working age without jobs or economic opportunity can be a significant driver of political and social unrest.
- *Key drivers of regional conflict and fragility:* Ethiopia is surrounded by instability due to the conflicts in Somalia and South Sudan and until recently the strained relationship with Eritrea, the latter hopefully on the way to be solved by the ongoing peace process. Porous borders, humanitarian challenges, extreme poverty, mediocre rule of law and access to justice, widespread corruption, the marginalisation of women, coupled with gender-based violence, and the presence of violent opposition groups in several countries in the region contribute to low levels of human security. Ethiopia is currently hosting the second-largest refugee population in Africa, and is furthermore faced with a number of 'spill-over' consequences of the regional instability with regard to illegal immigration, smuggling of weapons and drugs, and human trafficking.
- *Outward migration, trafficking, and transnational crime:* Ethiopia is an important country of origin, transit, and destination for people in mixed migration flows in the Horn of Africa. Lack of economic opportunities,

[41] Fund for Peace, Fragile States Index, 2017
[42] World Bank Governance Indicators

demographic challenges, food insecurity, and rising domestic tensions are elements contributing to significant numbers of Ethiopians losing hope. Data from Eurostat indicates that in 2015, 6,350 asylum applications by Ethiopian nationals were received in European countries. In addition, other sources state that 30-40% of Eritrean migrants in Europe could be Ethiopians. Refugees and migrants from Somalia, Somaliland, and Eritrea cross into Ethiopia and move on to Sudan, Egypt, and Libya in an attempt to reach Europe. There exists a strong positive perception of irregular migration among Ethiopians; many travel through networks of illegal brokers and smugglers, often through dangerous situations in transit countries. Young Ethiopians are recruited from the rural areas and urban slums with promises of a better life in the Middle East and Gulf states. Ethiopia's location within the Horn of Africa makes it vulnerable to money laundering-related activities perpetrated by transnational criminal organisations, terrorists, and narcotics trafficking organisations. Moreover, Ethiopia faces a number of significant socioeconomic and political vulnerabilities that pose continual and increased risks of illicit money flows, including the prevalence of a large informal and cash-based economy; the prevalence of corruption, tax evasion and illicit financial flows; poorly managed and porous borders; limited control mechanisms over movement of cash; and regional instability.

Identifying on-going stabilisation/development and resilience efforts and the potential for establishing partnerships and alliances with national, regional and other international partners in order to maximise effects of the engagements

- *Stable political settlement and economic development:* Ethiopia has been relatively stable since the early 1990s, in contrast to much of the region surrounding it. This has been the case in part because of the continued dominance of Ethiopian Peoples' Revolutionary Democratic Front (EPRDF) in the form of single-party rule and its effective monopolisation of the use of resources and force. On the positive side, this has enabled both a prioritised and a resource-empowered development strategy that has achieved a number of successes, and has also helped keep Ethiopia largely safe from the many threats, including those that emanate from its volatile neighbours. A central element in the Danish partnership with Ethiopia is dialogue, including through the Development Agency Group and the EU's Article 8 Dialogue on the developmental and societal trajectory taken. Denmark also cooperates with a wide range of partners in Ethiopia to support Ethiopia's ambition of achieving middle-income status by 2025 through green growth and poverty reduction.
- *Protection and resilience:* Ethiopia has achieved substantial progress in economic, social and human development over the past decade, enabling the country to reduce extreme poverty and hunger rates by half. Together with its development partners, GoE has improved Ethiopia's ability to protect its people and development gains from climate shocks. Of crucial importance, GoE created the PSNP in 2005 that combines food and cash transfers to Ethiopia's poorest and most food insecure households with a work requirement for able-bodied recipients.
- *Migration and trafficking:* Ethiopia is a key participant in the EU's Migration Partnership Framework – aimed at addressing the challenges of managing migration along the Central Mediterranean Route (via Libya to Europe), as well as supporting returns and better border management. The African Union and EU members have reached a common understanding that more economic opportunities must be created for the growing youth populations in Ethiopia and beyond to reduce the incentive to leave and the risk of being lured into illegal networks. Denmark's funding of poverty reduction measures (through PSNP) and improved agricultural commercialisation (through ATA) provides a small, but significant contribution to this end. Further, Denmark is also engaged in migration-related interventions in partnerships with the Danish Refugee Council (DRC) and IOM (reintegration of stranded Ethiopian migrants). Furthermore, Denmark also supports humanitarian interventions in the country, including through Danish, international and local NGOs.
- *Money laundering, transnational crime and terrorist financing:* Ethiopia's efforts to combat these issues are relatively recent. Ethiopia has taken important steps to improve its policies and control mechanisms, including enacting a preventive system for money laundering and terrorist financing, which was started in 2012. Although the Attorney General's Office's officials have received training, the Ethiopian law enforcement community, from investigators to prosecutors to judges, remains deficient in its awareness of the various criminal activities and its understanding of how to address them. GoE's poor record-keeping systems in general and lack of centralised law enforcement records in particular, hampers the federal police's ability to identify and investigate trends in money laundering and terrorism financing. Denmark supports GoE in strengthening its institutional capacity to prevent and combat money laundering and terrorism financing. The goal is to mitigate the illicit flow of money to and from the region, not least to hinder financial support to terrorist groups in Somalia.

Issues and concerns of relevance to Danish interest in the area of security and migration

- Denmark has significant security, development, and economic/commercial interests in a stable and secure Ethiopia. A destabilised Ethiopia would not only be a significant drawback for the Eastern African region

and beyond, it would also be a risk to international peace and security. Further, a destabilised Horn of Africa would also risk increased migratory flows towards Europe.

Identify where Denmark has comparative advantages that may lead to more effective and efficient programming and better results including where Denmark may contribute with deployment of specific expertise and capacities

- Denmark has a comparative advantage by being a flexible and predictable partner, able to respond to emerging crises and opportunities at short notice. This can include reallocation of funds from planned activities to sudden needs. Further, Denmark is seeking to enhance the coherence between humanitarian responses and development cooperation.

Considerations regarding the humanitarian situation, migration, refugee and displacement issues, including the need to integrate humanitarian-development linkages and long term strategies

- The Danish Aid Programme will enhance the coherence between humanitarian responses and development cooperation in line with the Danish strategy "The World 2030".

Relevant issues and considerations related to radicalisation and violent extremism and the potential for Danish engagement to prevent and counter violent extremism (P/CVE)

- With regard to risks related to terrorism financing, Ethiopia is located in a highly volatile region, with both Eritrea to the North and Somalia to the East providing support to terrorist (Al-Shabaab) or armed opposition groups (e.g. the Ogaden National Liberation Front, Oromo Liberation Front) active in Ethiopia. Besides, from programme activities addressing poverty-related root causes, Denmark contributes to P/CVE through its regional support to the African Union, IGAD (and ECOWAS) (APP IV) and through the Horn of Africa Peace and Stabilisation Programme, the next phase of which is expected to support IGAD's regional initiatives on P/CVE.

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3. Assessment of human rights situation (HRBA) and gender[43]

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Human Right Standards (international, regional and national legislation). Identify the level of achievement of key human rights standards for the context you are working in.

- The Government of Ethiopia has ratified numerous Human Rights conventions, has adopted a Human Rights based Constitution, and has established a National Human Rights Commission and an Ombudsman Institution. In October 2013, the National Human Rights Action Plan (2013-2015) was launched, and in response to the 2nd Universal Periodic Review (UPR) by the UN Human Rights Council (OHCHR) 2014, the Government of Ethiopia approved The Second National Human Rights Action Plan of Ethiopia (2017-2020) in December 2016. The second plan provided detailed directions for undertaking human rights centred development activities and strengthening human rights institutions.[44] According to the follow-up from the OHCHR, the GoE has "taken measures to successfully implement the UPR recommendations, including additional legislative measures to further strengthen the institutions that play a central role in the protection and promotions of human rights".
- Despite taking many steps internationally and nationally, the Ethiopian Government continued until recently to face severe criticism and challenges, particularly regarding the state of civil and political rights. The 'Civil Society Proclamation' of 2009 restricted any charitable organisation or NGO in Ethiopia working on rights-related issues to receive a maximum of 10 pct. of its funding from external (e.g. foreign) sources. After that, many NGOs in the sector have their financial basis, leading to closure of several thousands of organisations, thereby threatening the very survival of the NGO sector. The prolonged state of emergency from 2016 to 2017 accompanied by considerable limitations in freedom of assembly and expression led to further shrinking of civil and political space, which gave rise to protests and demonstrations. The government responded to these with mass arrests, mistreatment in detention, and further limitations on freedom of assembly, expression, and association. The designation of the new PM in April 2018 has brought new and promising developments, with the massive release of political prisoners, the returning of people living in exile abroad, the legalisation of organisations that had been declared illegal and the opening up of space for Civil Society Organisations.

43 The purpose of the analysis is to facilitate and strengthen the application of the Human Rights Based Approach, and integrate gender in Danish development cooperation. The analysis should identify the main human rights issues in respect of social and economic rights, cultural rights, and civil and political rights. Gender is an integral part of all three categories.

44 GoE Press Statement 27 April 2017

- Protection of the rights of minority groups in Ethiopia is a point of concern. A total of 90 ethnic groups are listed in the Ethiopian Census, many of whom are minority groups and indigenous peoples.[45] Many of these groups are currently being negatively affected by the ongoing growth and transformation strategy in the country. Since 2008, the Ethiopian Government has leased millions of hectares of land to agricultural investors from within and outside the country, which in many cases results in forced relocation of indigenous peoples and other groups, often without adhering to internationally agreed standards and principles, such as the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP) or the guidelines for Free, Prior and Informed Consent (FPIC). In addition, the "villagisation policy" of the government has forced indigenous peoples to move to designated villages with the promise of getting access to new means of livelihood and social services that in many cases are insufficient or never materialise.[46]
- Other human rights challenges in Ethiopia include violence and societal discrimination against women; female genital mutilation/cutting; abuse of children; trafficking in persons; societal discrimination against persons with disabilities, persons based on their gender identity and sexual orientation; and limits on worker rights, forced labour, and child labour.

Identify the most binding constraints on the intended target group in terms of human rights.

- Barriers are economic, educational, social, and civil marginalisation and exclusion of disadvantaged segments of the population, as well as broader protection issues related to the humanitarian situation and context.

Given the analysis of achievement of human right standards, establish what Denmark should prioritise in the proposed outcomes of the programme.

Agricultural Commercialisation Clusters (ACC)

- Updated data on special needs of women in male-headed households, youth and other vulnerable groups in the areas of operation. Other vulnerable groups include (but may not be limited to) minority groups and indigenous groups.
- Analysis of possible implications of new agricultural technologies on female and child labour.
- Evidence of the intended special targeted interventions in the ACC programme towards meeting the needs of and including women and vulnerable groups.
- A participatory monitoring system capturing progress and challenges in relation to coverage of different socio-economic groups based on indicators disaggregated according to sub-divisions among beneficiaries to cater for the needs of marginalised groups.
- In relation to programme target areas where commercial land leases and/or villagisation have taken place: Safeguards adhering to internationally agreed guidelines for protection of the rights of indigenous peoples and other groups evicted from land appropriated for commercial agricultural purposes or subjected to forced reallocation to other areas as a consequence of the government's villagisation policy.

Climate Resilient Forest Livelihoods Programme

- Updated data on the Manjo, resettled groups, women, landless youth and other vulnerable groups and their special conditions and needs.
- Evidence of targeted interventions within (or in addition to) the Participatory Forest Management (PFM) approach towards meeting the needs of and including vulnerable groups.
- A participatory monitoring system capturing progress and challenges in relation to coverage of different socio-economic groups based on indicators disaggregated according to sub-divisions among beneficiaries to cater for the needs of above-mentioned groups.
- Safeguards adhering to internationally agreed guidelines for protection of the rights of indigenous peoples and other groups evicted from land appropriated for commercial agricultural purposes or subjected to forced reallocation to other areas because of the government's villagisation policy.

Governance and Human Rights programme

- Capacity and policy development of the Ethiopian Human Rights Commission (EHRC), which although not fully independent, has a mandate to uphold and protect human rights in the country. The programme will support EHRC's capacity to work at the regional level and (to the degree possible), with civil society in order to strengthen Ethiopia's response to its international human rights commitments and its own policies, including the GTP II and the National Human Rights Action Plan.
- Strengthening women's ability to effectively participate in politics is the most effective long-term change that can enable change of gendered attitudes. The UN Women programme on Ethiopian Gender Responsive Democratic Participation (EGRDP) is therefore tackling one important element of gender discrimination but this is a long-term endeavour. The immediate needs of survivors of GBV need to be addressed as well as

45 Minorityrightsgroup.org
46 The Indigenous World 2017, IWGIA 2017

improved responses from law enforcement and government agencies. This is tackled through UN Women's Preventing Violence Agaisnt Women and Girls (PVAWG) programme.

Universal Periodic Review. List recommendations from Council for Development Policy (UPR) relevant for the thematic programmes and from any treaty bodies, special procedures, INGOs, Human rights institutions etc. that require follow up by partners in the programme.

- Ethiopia is a member of both the UN Security Council and the UN Human Rights Council. Despite these roles, the UN special rapporteurs on torture, freedom of opinion and expression, and peaceful assembly, among others, have not been granted permission to visit the country.[47] In 2014, Ethiopia went through the second cycle of the Universal Periodic Review (UPR) by the Human Rights Council and accepted 188 of the 252 recommendations, which is a clear increase compared to the first UPR cycle in 2008.
- The recommendations cover a large span of areas including ratification of specific treaties related to migrant workers and torture, protection of women's and children's rights, strengthening of the role and mandate of national human rights institutions, acceleration of poverty reduction and development, and respect for freedom of opinion, expression and association. These human rights recommendations correlate well with the Sustainable Development Goals forming the basis for this country programme with 59 recommendations falling under SDG 16 "Peace, justice and strong institutions" and 33 falling under SDG 5 "Gender Equality".[48]
- Among the 59 accepted recommendations regarding "Peace, justice and strong institutions", 19 relate to "Fundamental freedoms", and 11 relate to "Institutions to prevent violence, incl. NHRIs". There are a number of specific recommendations for strengthening the Ethiopian Human Rights Commission (EHRC) in order to make it compliant with the Paris Principles and for strengthening the capacity of the institution of Ombudsman, including providing adequate resources to these institutions to carry out their mandate. Other recommendations relate to enhancing engagement with civil society groups, including local youth and women's associations, in the promotion and protection of human rights. And others recommend that legitimate acts of political dissent are not criminalized and that freedom of opinion, of the media and of assembly are fully respected when applying the Terrorist Act of 2009, in line with the NHRAP. Included in the accepted recommendations were also appeals to Ethiopia to tighten cooperation with the human rights mechanisms of the United Nations and accept the outstanding requests for visits from the Special procedures.
- In 2017, Ethiopia opted for a Voluntary National Review in the UN on its plans and progress vis-a-vis the Sustainable Development Goals.[49] The report submitted to the United Nations Economic and Social Council (UN-ECOSOC) bears witness of a thorough process involving extensive consultations and dialogues at federal, regional and city administration levels. The report states, "All the SDGs have been integrated with ten of the priority areas of the GTP II" and further, "The national reviews have confirmed that there exist enabling policies and environments to effectively implement the SDGs in Ethiopia. Political commitments at the government level are quite high."

Identify key rights holders in the programme

- The Governance and Democratic Participation Programme (GDPP): The general population of Ethiopia
- UN Women EGRDP and PVAWG Programmes: Survivors of GBV, female population of Ethiopia.
- The Agricultural Commercialisation Clusters (ACC) Programme: Male and female smallholder farmers, youth in ATA programme regions
- The Climate Resilient Forest Livelihoods (CRFL) Programme: Rural households in forest areas in the Kaffa zone, female and male members
- The Productive Safety Net Programme (PSNP): Food insecure households in rural areas, male and female household members

Identify key duty bearers in the programme

- The Governance and Democratic Participation Programme (GDPP): Government of Ethiopia, the Ethiopian Human Rights Commission, Civil Society partners
- UN Women EGRDP and PVAWG Programmes: Police, Prosecutors, Federal and Regional legislatures and executive bodies, NGO partners.

47 OHCHR & Human Rights Watch 2018
48 For further details: DIHR Research 2017
49 The 2017 Voluntary National Reviews on SDGs of Ethiopia: Government Commitments, National Ownership and Performance Trends, National Plan Commission, June 2017

- The Agricultural Commercialisation Clusters (ACC) Programme: MoA & ATA at federal, regional, woreda level, private and NGO partners, DAs at kebele level
- The Climate Resilient Forest Livelihoods (CRFL) Programme: MEFCC, SNNP Regional Bureau of Environment & Forest Authority, Bureau of Agriculture, Kefa zone
- The Productive Safety Net Programme (PSNP): The Federal Government; local government at Regional and Woreda level, Donor Coordinating Team and the civil society

Human Rights Principles (PANT). Participation. Identify barriers for participation, inclusion and empowerment of rights holders.

- Barriers are economic and cultural, involving marginalisation of disadvantaged segments of the population, and perceptions and norms on participation and inclusion in public matters. In addition, social and cultural norms can sometimes create social barriers preventing the active participation of girls and women in development activities. A lack of awareness of rights and the means to access them also acts as a barrier.
- *The Agricultural Commercialisation Clusters (ACC) Programme:* Women's contribution to rural economy not recognised, gender inequality in rural Ethiopia, poverty is gender-based, social and cultural practices. Other barriers to be considered are workload, poor timing of events, non-readiness to adopt new technologies, and lack of resources. At the policy level, ATA has a strong focus on non-discrimination, inclusion and gender equality. To ensure these principles in practical implementation, the following is needed:
    - Updated data on special needs of women in male-headed households, youth and other vulnerable groups in the areas of operation,
    - Analysis of possible implications of new agricultural technologies on female and child labour,
    - A participatory monitoring system including indicators disaggregated according to beneficiary sub-groups, and
    - Safeguards adhering to internationally agreed guidelines for protection of the rights of indigenous peoples and other groups evicted from land appropriated for commercial agricultural purposes or subjected to forced reallocation to other areas as a consequence of the government's villagisation policy.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme*: No analysis and identification of social, economic, cultural barriers potentially limiting rights holders' participation in the project (e.g. among women, landless youth, the Manjos, and possible resettled groups).
- *Coherence between humanitarian responses and development cooperation:* Cultural norms are identified as barrier for women's full participation, as well as harmful traditional practices including female genital mutilation, unwanted pregnancy and/or childbirth, marriage at a young age, sexual harassment, and limited access to contraception.
- *The Governance and Human Rights Programme*: Major barriers to participation include the CSO and Anti Terrorism legislation; the use of current powers of detention, restrictions on freedom of assembly etc. relating to the State of Emergency; the low levels of awareness of rights amongst the population; and the weak capacity of the state institutions to engage in a meaningful consultation with rights holders.

List key support elements included to promote participation and inclusion.

- *The Governance and Human Rights Programme*: Inclusion of non-state actors in consultative mechanisms related to policy and strategy development, implementation and monitoring to the extent this is feasible given existing legislation. Inclusion of women and disadvantaged groups and monitoring of the effectiveness of this inclusion.
- *The Agricultural Commercialisation Clusters (ACC) Programme:* Implementation of innovative projects exclusively addressing the strategic and practical needs of women are mentioned in ATA's Gender Mainstreaming Guidelines. In addition, the guidelines include a plan for Gender-Sensitive Value Change Development. However, the principles and guidelines are still to filter down through the levels of operation in ATA.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* The intention is to establish new and strengthening existing PFM groups and to establish youth forest nursery groups and groups for mushroom cultivation, bee-keeping, afforestation, fruit & spice nurseries, animal and fish production.
- *Coherence between humanitarian responses and development cooperation:* Integrated approaches at local level to mobilise beneficiaries, local authorities and NGOs.

Accountability. Identify accountability mechanisms in the relevant area – both horizontal and vertical. List any key support elements included to promote accountability.

- *The Agricultural Commercialisation Clusters (ACC) Programme:* Gender Mainstreaming Guidelines; Responsibility note; reporting structure, indicators.

- *Coherence between humanitarian responses and development cooperation:* Joint Strategic Oversight Committee (JFSOC); Gender Analysis & Action Plan; Sphere Standards applied; Formal grievance mechanism linked to the Ombudsman Institution; Social accountability tools.
- *The Governance and Human Rights Programme*: The focus on anti-corruption prevention, monitoring and outreach will increase accountability of key institutions and individuals, also in relation to UNCAC review recommendations. Likewise the inclusion of the EHRC is designed to increase the focus on the implementation of the national human rights action (NHRAP II) plan (including UPR recommendations). Monitoring will focus on raising the visibility of women and disadvantaged groups.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* The project will conduct economically, socially and environmentally sound activities. Participatory monitoring and evaluating at local level.

Non-discrimination. Identify groups among rights-holders excluded from access and influence in the thematic programme areas identified.

- *The Agricultural Commercialisation Clusters (ACC) Programme:* ATA's Responsibility Note mentions the following vulnerable groups: Female-headed households, women in male-headed households.
- *Coherence between humanitarian responses and development cooperation:* PSNP aims at including all, covering groups not reached by other programmes, and ensuring that male and female members of food insecure households benefit equally.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* No specific consideration of the Manjo, resettled communities or other marginalized or vulnerable groups.
- *The Governance and Human Rights Programme*: The programme will include efforts in engage with women, people with disabilities and other disadvantaged groups (this is particularly relevant to the work of the EHRC and UN Women), including in the regions.

List key support elements included to promote Non-discrimination.

- *The Agricultural Commercialisation Clusters (ACC) Programme:* Targeted initiatives for female-headed households are intended ((separate training, time-consciousness training in homes, women credit facilities).
- *Coherence between humanitarian responses and development cooperation:* Enhanced Social Assessment and Consultation; PSNP IV Gender Action Plan; Safeguards activated re Indigenous Peoples and Involuntary Resettlement
- *The Climate Resilient Forest Livelihoods (CRFL) Programme: Women, men and youth groups for PFM will be established. The plan is to include poor women as at least 30% of the target groups.*
- *The Governance and Human Rights Programme*: The programme will include efforts in engage with women, people with disabilities and other disadvantaged groups (this is particularly relevant to the work of the EHRC), including in the regions.

Are disaggregated data available on most vulnerable groups?

- With the exception of PSNP, disaggregated data are ***lacking*** in relation to vulnerable groups such as women and youth in male-headed households, the Manjo, resettled groups as a result of villagisation.

Transparency. Assess the extent to which information is accessible to rights holders including marginalised groups. If relevant, ensure that information is available in other than official languages.

- *The Agricultural Commercialisation Clusters (ACC) Programme:* No information on communication at community level with rights holders including marginalised groups. The Value Chain Alliances could to a higher degree become instrumental in this.
- *Coherence between humanitarian responses and development cooperation:* PSNP is part of the government's system for Citizen Engagement including financial transparency and accountability and social accountability.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* No information.
- *The Governance and Human Rights Programme*: Limited information is currently available

List key support elements included to promote Transparency.

- *The Agricultural Commercialisation Clusters (ACC) Programme:* Model farmer structure, demonstrations, Value Chain Alliances meetings with agendas/minutes available.
- *Coherence between humanitarian responses and development cooperation:* For PSNP, communication on programme priorities is done in the language and manner most acceptable to target populations.

- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* Planning to produce a visible plan for media broadcasting.
- *The Governance and Human Rights Programme*: The programme will support the development of perception surveys in both corruption and human rights. In both areas, there are regional bodies (EHRC regional offices and REACCs) that will be used to increase participation and transparency. UN Women will gather data and research issues to help understand attitudes on key gendered issues (e.g. the family law in Afar and Somali) as well as baselining and impact data.

Gender. Identify key challenges and opportunities for gender equality.

- Ethiopia has committed to standards for gender equality in the Constitution of the country and The National Policy on Women (1993), The Family Law (2000) and the Penal Code (2005). Furthermore, the country has ratified the Convention on the Political Rights of Women (CPRW) and the Convention on Elimination of All Forms of Discrimination against Women (CEDAW). While the standard frameworks seem to be in place, the enforcement of these and the implementation of the related policies are still met with challenges.
- There are signs of improvement in the societal attitudes towards gender equality and women's empowerment in Ethiopia. However, even if the political commitment and resource allocation towards gender equality in most sectors are at good levels, challenges remain. Ethiopian women have one of the highest rates of economic participation in the world. According to the Global Competitiveness Index, in 2014–15 the country ranked 33rd out 144 countries for the Percentage of women in the labour force.[50] Female economic participation is however still lower than that of men's (78.2% compared to (89.3%), and women are more likely to be employed in the informal sector while men have higher rates of participation in the formal sector.[51] Key challenges identified include lack of political and technical capacity to implement gender policies and legislation in full, women's limited access to and control of resources especially with respect to productive resources, household economy and decision-making power, as well high incidence of gender based violence, child marriage, trafficking of women and harmful traditional practices such as Female Genital Mutilation.
- The majority of Ethiopian women are engaged in the agricultural sector, primarily in subsistence farming and as unpaid workers.[52] The land ownership pattern shows little sign of gender equality, as the number of male landowners (9.6 million) is five times that of female landowners (at 2.3 million). Even though a land certificate programme has been introduced, allowing the names of both husband and wife to be registered, cultural norms and resistance have posed challenges in the implementation of this. Moreover, in spite of inheritance rights given to women in the new Family Law, courts often do not respect this right, and women are left with less chances of acquiring land than men.[53] An additional factor related to land ownership is the sub-division of plots passed down to the next generation resulting in diminishing plot sizes and lower productivity. Traditional gender roles in agriculture imply that ploughing, marketing and finances are considered male responsibilities. This has considerable impact on women's access to markets, credit and agricultural extension services, which again tend to lower women's productivity. Surveys show that yields of female-headed household on average are 35 per cent lower than those of male-headed households.[54]

Identify assessments on gender, such as CEDAW-reporting, SDG National Action Plans, UPR, and other relevant gender analysis.

- Denmark is following the joint approach in shared assessment under the UPR. Other studies and assessments, such as the National Report on the Implementation of the Beijing Declaration and Platform for Action (2014) and UN Women's Preliminary Gender Profiles (2017) highlight issues of gender gaps relating to respect for human rights, democratic principles and political reforms. In October 2016, the CEDAW released its Eighth Periodic Report on Ethiopia, which summarises women rights violations as well as judicial reforms that are relevant for addressing issue of gender equality, e.g. gender based violence and lack of gender-sensitivity in handling judicial cases, access to justice.
- 33 of the 188 UPR-2014 recommendations supported by the GoE are related to SDG 5 on Gender Equality with violence against women and harmful traditional practices are two strong focus areas.

50 National Assessment: Ethiopia - Gender Equality , Helina Beyene, WISAT/SIDA, 2015 and World Economic Forum. "Global Competitiveness Index 2014-15." http://reports.weforum.org/global-competitiveness-report-2014-2015/economies/#indexId=GCI&economy=ETH

51 Ibid. and The Federal Democratic Republic of Ethiopia Central Statistical Agency (CSA). "2013 National Labor Force Survey,"

52 Preliminary Gender Profile of Ethiopia, UN Women, November 2014

53 Ibid.

54 Ibid.

- As part of the 2017 Voluntary National Reviews on SDGs in the UN, the Government of Ethiopia presented its policy direction regarding gender equality and the mechanisms that have been put in place to ensure implementation. These include strategies for elimination of harmful traditional practices like Female Genital Mutilation (FGM) and childhood marriage, female youths' right to get admission to educational institutions, repeal of women-biased regulations, among others.[55]

Identify constraints for addressing gender equality issues.

- Constraints mostly revolve around cultural practice, since the policy and institutional framework is almost in place. Ethiopia is a signatory to international conventions addressing gender equity and the Constitution of Ethiopia provides an enabling legal framework to address these issues. Slow enforcement of policies and legislation by various institutions, the police and the Judiciary especially in regards to addressing issue of gender based violence. High incidence of domestic gender based violence directed at women and children. In addition, Female Genital Mutilation/cutting (FGM) still being practiced in many parts of the country, even though it has been abolished by law. Sexual and Reproductive Health and Rights are slowly being accepted and promoted through health extension policies, but issues of traditions, customs, perceptions still need to be addressed.

Identify opportunities for addressing gender equality issues.

- GoE has put gender issues at the forefront of its second Growth and Transformation Plan (GTP II).
- The new phase of the PSNP (2015-2020) has introduced specific gender and social development provisions to address the severe impacts of food insecurity on vulnerable women and children.
- The Ethiopian Women's Development and Change Package focuses on urban and rural women and promotes the creation of cooperatives societies as to ensure their economic benefit.
- Youth policy also gives priority to female youth and is focusing on educating and training them in various professions and skills such that they equally participate in and equitably benefit from economic & social development, good governance and democratic affairs.
- At grassroots level, women's associations have been established in almost all the regions, including through the government established Women Development Army (WDA) among women living in the same neighbourhoods.
- A conducive normative framework combined with the political will of the ruling party to set aside a voluntary internal quota (30% at national level) during national and local elections has enabled initial gains in women's political leadership.

Describe key strategic interventions to promote gender equality within each thematic programme.

- *The Agricultural Commercialisation Clusters (ACC) Programme*: Collection of gender-disaggregated data in target communities; Female-headed farmer households specifically targeted; Targeted interventions for women in male-headed households and female youth still to be developed.
- *Coherence between humanitarian responses and development cooperation:* PSNP includes provisions (maternity leave, flexible working hours, and equal pay for women and men, childcare centres); Gender Analysis & Action Plan.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme:* Women, men and youth groups to be established as part of Participatory Forest Management (PFM); Creating livelihoods for job-seeking poor women; Plan to include poor women as 30% of target group; Interventions targeting women among the Manjus and other marginalised groups still to be developed.
- *The Governance and Democratic Participation Programme (GDPP):* Especially in relation to the EHRC, the programme will strengthen the inclusion and participation of women and disadvantaged groups, including at the regional level. This includes baseline perception surveys and inclusion of results in policy and implementation via the GDPP support.
- *UN Women Programme:* The programme will focus specifically on increasing the participation and effective representation of women at all levels of leadership and decision making, and reducing the stigma of GBV.

Identify gender equality indicators aligned with national targets on gender, if possible.

- *The Agricultural Commercialisation Clusters (ACC) Programme*: Indicators on participation and special needs of female-headed farming households, women in male-headed farming households, gender disaggregated

55 The 2017 Voluntary National Reviews on SDGs of Ethiopia: Government Commitments, National Ownership and Performance Trends, GoE/National Plan Commission, June 2017, Addis Ababa

indicators on participation in cooperatives, and contract farming, on adoption of new technology and on increased productivity and income,

- *Coherence between humanitarian responses and development cooperation:* Gender disaggregated indicators on participation in PSNP activities (both streams) and on food security status before and after joining the programme, and on food security status after "graduation" from programme.
- *The Climate Resilient Forest Livelihoods (CRFL) Programme*: Indicators on participation and special needs of female-headed households, women in male-headed households, and women in marginalised communities such as the Manja;, gender disaggregated indicators on participation in PFM activities, community groups and other activities, on adoption of climate sensitive technology and on increased productivity and income.
- *The Governance and Democratic Participation Programme (GDPP):* Gender disaggregated data on perceptions and results in relation to EHRC outreach and monitoring of results from the NHRAP II.
- *UN Women Programme:* indicators on survivors of GBV reporting violence; indicators on percentage increase of women in higher level management in targeted regions

Describe key strategic interventions to promote gender equality within each thematic programme.

- ACC: There is a gender strategy and a large amount of interventions are monitored with gender-disaggregate data collection
- *UN Women Programme:* One engagement will have two key interventions: capacity building of women leaders in the legislature and executive branch of the government*;* and education and trainings to reduce stigma of GBV and support women in reporting violence.
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List the key documentation and sources used for the analysis:

- The Indigenous World 2017, IWGIA 2017
- The 2017 Voluntary National Reviews on SDGs of Ethiopia: Government Commitments, National Ownership and Performance Trends, GoE/National Plan Commission, June 2017
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- UN Women Strategic Note 2017-2020, April 2018

4. Inclusive sustainable growth, climate change and environment

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Assess the overall risks and challenges to inclusive sustainable growth and development from the impact of climate change and environmental degradation; Assess the status of policies and strategies in the country / thematic area / organisation to ensure that development is inclusive and sustainable, avoid harmful environmental and social impacts and respond to climate change; and assess the political will and the institutional and human capacity to implement these policies and strategies.

- Ethiopia has faced many challenges emanating from shocks and crises, including natural disasters and climate change. Ethiopia has experienced more than 15 drought events in the last 50 years; including the 2015/2016 El Nino induced drought and the subsequent drought in 2017. This is a problem of significant proportions in a society that is mainly agrarian and where the majority of agriculture is rain-fed and highly vulnerable to drought. Pastoral communities in the fragile, semi-arid lowlands are also prone to climatic shocks. Climate change has already had an impact: temperatures have increased and rainfall variability have changed over the last 50 years. Droughts alone can reduce total gross domestic product (GDP) by 2-3%, as it was seen in 2015/16.
- Ethiopia's ability to address poverty, food insecurity and various other socioeconomic challenges is highly dependent on the performance of agriculture. However, rising population density and expansion of productive lands are placing added pressure on ecosystems. The technologies used in the sector are obsolete

and in many cases depend on livestock power for most farming activities. It is recognised that the agricultural sector is putting increasing pressure on Ethiopia's natural resources. One of the results is severe land degradation in several regions of the country, including gradual loss of soil nutrients and widespread top soil erosion, forest loss and forest degradation, and increased water stress. This will impact on crop yields, food security and livelihoods in rural areas, especially among poor households with small landholdings in marginal settings, but also overall agricultural production and Ethiopia's GDP.

- Ethiopia's capacity to manage drought has improved dramatically over the past decade. For example, the resilience of the poorest has been improved under PSNP through cash or food payments/transfers and community-driven public works programmes aimed at landscape restoration, water management, and smallholder farming. Targeted cash and food transfers to the rural poor have reduced food insecurity and inequality. However, PSNP has not been able to protect all food insecure households. Despite significant progress in natural resource management in the face of climate shocks, further resilience building is an urgent challenge in Ethiopia. The rising frequency and severity of these droughts call for action, in particular sustainable agricultural development and resilience programmes, to move even further away from reliance on humanitarian responses and towards development of robust systems. Improving the productivity of the agriculture sector could have a powerful impact on poverty reduction. Moreover, creating a sustainable, resilient domestic agricultural sector could also create a buffer against adverse climatic events and improve domestic food security.
- GoE recognises that its vision of faster and sustained carbon-neutral growth cannot be achieved with more of the same production systems, but need a transformation of the agriculture sector, as GoE has highlighted in the GTP II and the CRGE strategy, which also call for reforestation and protection of existing forests.
- Increasing the land under production has to be achieved by reversing natural resource degradation and rehabilitating degraded landscapes, rather than by intruding areas that are home to fragile ecosystems and forests. GoE has embarked on various programmes and projects to promote sustainable natural resource management. Significant investments in climate change adaptation and mitigation are ongoing or planned, including in relation to forest management under REDD+ with different funding sources. However, several challenges remain, and technical support and significant investments are required to reverse the situation and efficiently utilise the scarce natural resources. Differentiated approaches are required to increase the productivity and resilience for highland and lowland agriculture-based livelihoods.
- With regards to increasing productivity, GoE, alongside its international partners, has made a number of interventions to support the development of the country's agriculture sector. These activities have contributed towards higher yields and increased production of both crops and livestock, as seen through previous engagement with the ATA. GoE has singled out small-holder agriculture as a key target area for the envisaged transformation of the old and traditional agricultural sector and to the reduction of poverty through agricultural green growth. The national development plan, the GTP II, and the sector specific Agriculture Sector Policy and Investment Framework 2010/11 – 2019/20 sets a number of overall strategic objectives for the sector, prioritising smallholder agriculture: achieving a sustainable increase in agricultural productivity and production, accelerating agricultural commercialisation and agro-industrial development including value chains, reducing degradation and improving productivity of natural resources and achieving universal food security and protecting vulnerable households from natural disasters.
- Thematic Programme 1, Agricultural Commercialisation Clusters, deals directly with the promotion of inclusive and sustainable agricultural growth.
- Thematic Programme 2, Productive Safety Net Programme (PSNP), is directly addressing food insecurity and also investing in enhancing the resilience to natural hazards and the impacts of climate change.
- Thematic Programme 3, Climate Resilient Forest Livelihoods (CRFL), is directly addressing climate change adaptation and also mitigation, as it will protect forest resources and the associated ecosystem services (e.g. soil protection, hydrological functions, biodiversity, and the provision of forest-based livelihoods) and promote sustainable and diversified livelihoods for forest-dependent communities in the Kaffa Biosphere Reserve, thereby reducing greenhouse gas emissions/increasing carbon sequestration while reducing the vulnerability of communities to the impact of climate change.

Identify opportunities for mainstreaming support to inclusive green growth and transformation to a low-carbon and climate resilient economy in the programme thematic areas and DEDs.

- Thematic Programme 1 (ATA): There is a need to enhance agricultural productivity and production in areas which have higher levels of productivity and can target a much greater proportion of the rural smallholder farming population, but which is still vulnerable to climate change. Denmark will support the implementation of the GTP II and the development and promotion of climate smart practices in agricultural production and value chains with the ATA.
- Thematic Programme 2 (PSNP) has components to enhance the resilience to the impacts of climate change. Ethiopia has a large and comprehensive aid programme across the country, which in recent years has been focusing on addressing critical issues of food security in the highly vulnerable low production areas. Within

this context, the PSNP is of crucial importance, in that it combines food and cash transfers to Ethiopia's poorest and most food insecure households with a work requirement for able-bodied recipients. By contributing financial support to the PSNP, Denmark will continue to strengthen its relationship and development partnership with GoE in its effort to combat poverty, hunger and climate vulnerability. The present phase, PSNP 4 (2017-2020) has introduced specific gender and social development provisions to address the severe impacts of food insecurity on vulnerable women, youth and children. The gender provisions of the current food security programme are progressive in that they address the situation of female heads, pregnant women, and women in marriage. Further, it is not limited to addressing the immediate aftermath of food insecurity but also focuses on building livelihoods of poor and vulnerable households through its livelihood component.

- Thematic Programme 3 (CRFL) is directly supporting the transition to a low-carbon and climate resilient economy, as it through participatory forest management will improve forest protection (and thus reduce greenhouse gas emissions) and the livelihoods of forest dependent communities (and thereby enhance their resilience). Denmark will thus with CRFL further support the implementation of the CRGE Strategy. Since CRFL will mainly be delivered through the promotion of participatory forest management, inclusion and participation are central elements of CRFL. Moreover, specific attention will be paid to ensuring that women, youth, and marginalised groups and minorities (e.g. the Manjo) are included in the participatory forest management arrangements and provided with livelihoods opportunities. Moreover, CRFL will at the national level finance a social inclusion adviser at the Forest Sector Transformation Unit (FSTU) at the Ministry of Environment, Forest and Climate Change, with the objective of enhancing the capacity and approaches of GoE to include and address social considerations in forest management in general, and in the promotion of participatory forest management in particular.

Identify potential risk and negative impacts related to environment and climate change from the proposed thematic areas and DEDs and consider how these may be mitigated in the design of the programme and the relevant DEDs.

- The commercialisation agenda of Thematic Programme I (ATA) may lead to an increased use of chemical inputs (fertilisers and pesticides), energy and water resources. This, if not managed carefully can have negative environmental and climate impacts, such as increased pollution, increased greenhouse gas emissions, and increased pressure on water resources. ATA has a greening/environment main-streaming plan which can help to ensure that such negative impacts are avoided or mitigated, but the implementation of the plan appears to be insufficient at the sub-national level. Continued dialogue and awareness-raising with ATA will help to ensure that the implementation of the greening/main-streaming plan is further strengthened at the sub-national level. The Embassy and the monitoring consultant will follow this during implementation. Moreover, environmental and social screenings and impact assessments will be carried out in accordance with Ethiopian law.
- While CRFL and PSNP aim at reducing the vulnerability to climate change, there is a risk that climate change (changes in rainfall patterns and temperatures) in the medium to long term can negatively affect: a) agricultural productivity and the types of crops that can be produced, and b) the forest ecosystem, biodiversity and productivity.
- Incidents of severe of drought may lower food production, and flooding may affect infrastructure important for the agriculture sector (road, irrigation and conservation structures). GoE has a disaster risk management system which is supported through the PSNP. Hence, this type of climate change induced disasters can be mitigated and contingency budgets will also be allocated with in the support to the implementing partners to cover for these types of uncertainties.
- Land is owned by GoE and it is reallocated as per the government priorities, hence there are risks of resettlement, land redistribution or land reallocation to other types of investments which could affect the natural resource management part of the Programme. There are also risks that government land ownership reduces the commitment of the individual farmers to develop and improve the land. In addition, it is important that the government bodies at different levels will be part of the programme implementation and are committed to consult land use plans will be consulted before interventions are started.
- Population growth and increased demand for land is putting an ever-increasing pressure on forest resources and making rural livelihoods more difficult. Awareness raising on the negative impact of large family sizes and family planning, as well as the promotion of alternative and sustainable income-generating activities under CRFL, will contribute to mitigating this risk.

Identify if EIA (Environmental impact assessment) or similar should be carried, including legal requirements in partner countries / organisations.

- Ethiopia has an Environmental Impact Assessment Proclamation. The objective of this proclamation is to facilitate the implementation of the environmental rights and objectives enshrined in the constitution of the

country and the maximisation of their socioeconomic benefits by predicting and managing the environmental effects, which a proposed development activity or public instruments might entail prior to their implementation.

- Thematic programme 1 (ATA): An overall EIA is not necessary. Most of the interventions supported are small, and ATA has environmental screening instruments in place. However, there may be cases where it is necessary to carry out EIAs of specific projects, as per the requirements of Ethiopian law. The Embassy and the monitoring consultant will follow-up on this during implementation, and possible weaknesses in the safeguards are to be identified in the upcoming institutional audit.
- Thematic Programme 2 (PSNP): An EIA is not necessary, since EIA is already integrated in the well-established PSNP procedures.
- Thematic Programme 3 (CRFL): An EIA is not necessary, since the programme focuses on promoting forest conservation. However, the environmental sustainability and risks of the various livelihoods options considered will be assessed during the inception phase.
- Thematic Programme 4 (Governance and Human Rights): An EIA is not necessary, since the programme focuses on capacity building in good governance, and does not engage directly in activities which could negatively impact the environment. Improved governance could reduce corruption and related environmental degradation.

Consider rights and access to key natural resources: land, water, energy, food and agriculture, including impacts on employment for youth, women and indigenous peoples, etc.

- Constraints on access to key natural resources such as land are essentially economic and cultural, involving marginalisation of disadvantaged segments of the population, and perceptions and norms on participation and inclusion in public matters. No group among the rights-holders will be excluded from access or influence in the Country Programme. However, social and cultural norms can create barriers for women's active participation in the decision-making process. The Country Programme aims to promote inclusiveness in terms of social and political rights and economic opportunities targeting population in general and with special attention given to the inclusion of the poor, vulnerable and marginalised, including women, youth, and minority groups (e.g. the Manjo). Barriers will be addressed by applying deliberate targeting and measures such as behavioural change communication. Thematic Programme 3 (CRFL) will finance a social inclusion adviser at the Ministry of Environment, Forest and Climate Change to strengthen the capacities and procedures to ensure inclusion and prevent unintended negative impacts.
- The monitoring consultants for Thematic Programme 1 (ATA) and Thematic Programme 3 (CRFL) will follow this to ensure that there is full compliance with relevant international conventions and that unintended negative impact (such as displacement and further marginalisation) will not take place.

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Are additional studies / analytic work needed? How and when will it be done?

During the inception phase of Thematic Programme 3 (CRFL), studies will be carried out to establish the baseline at the Kaffa Biosphere Reserve level, e.g. in relation to carbon stocks, and the economic viability and environmental sustainability of the available forest and non-forest livelihoods options available.
An institutional audit of ATA will be conducted and will also assess if mechanisms and safeguards are in place in ATAs operational structures and manuals.

5. Capacity of public sector, public financial management and corruption

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:

Capacity of the public sector for policy making, enforcement and service delivery

- Over the past decades, GoE has been implementing major reform programmes to enhance public sector efficiency, effectiveness, transparency, and accountability. As a result, public sector governance has improved noticeably – at least in relative terms – illustrated by the significant progress across economic, social and human development indicators.
- Whatever achievements the public service reform programmes have gained, they have not sufficiently addressed the problems of good governance. Existing challenges of public sector governance and management in Ethiopia range from broader institutional and structural deficiencies to specific issues such as ineffectiveness, inefficiency, lack of capacity, and corruption. As a result, the ability of the government to formulate and implement sound policies and the low quality of regulatory institutions and governance affect the adequate provision of public service, weaken incentives for good performance, and undermine the delivery of results.
- In the GTP II, GoE has shown determination towards continued socioeconomic progress, by laying out ambitious development targets in health, education, economic growth, and infrastructure sectors. GoE also acknowledges that '*the hitherto assessment of outcomes on good governance indicates that there is yet a lot to be done*' (GTP II, p 89) and that 'concerted efforts will be made to enhance the implementation capacity of the public sector, mobilising public participation, promoting, and building a democratic culture' (ibid, p 90). Moreover, corruption is identified as the main impediment to overall socio-economic development.

Quality and capacity of PFM, including budget credibility, comprehensiveness and transparency as well as control and external scrutiny / audit in all phases of the budget process as well as participation of citizens / CSOs in monitoring public budgets and corruption

- Public Financial Management in Ethiopia has been strengthened in conjunction with the country's efforts to improve service delivery for the last 10-15 years. The GoE has fully recognised that a key tool for improved service delivery and social accountability is a strong public financial management system.
- Significant changes in drafting legislative and policy frameworks have enabled the public finance to be managed more comprehensively. Predictability and control of public expenditure budget out-turn has improved at federal level, but less at the regional level. According to the World Bank, an accurate and reliable cash management and control system has been established.
- In terms of budget credibility, Ethiopia has improved its performance over the last couple of years, bills are cleared on time, there are no arrears, payroll systems are robust, the internal control system is comprehensive, the inter-governmental fiscal transfer system works well and cash transfers are predictable up to the local government level.

- External audit follows international standards.
- The main weaknesses identified at the federal level relate to tax collection, public access to budget information, medium-term budgeting, unreported extra-budgetary operations and parliamentary oversight.
- The overall fiscal transparency of the Federal Government is still low: the budget is not available to the public at the time it is submitted to Parliament, and neither are budget execution reports during the year.
- Overall, fiscal discipline is strong, but lack of transparency limits the availability of information on government performance and on how fiscal risks are being addressed.

The corruption situation and relevant anti-corruption measures and reforms

- The levels of corruption in Ethiopia are generally considered to be high, although lower than in comparable countries in the region. Examples of corruption include facilitation payments and bribes being necessary to keep land leased from the state. Corruption may be seen as a proxy for how efficiently the GoE is able to use revenues.
- Ethiopian anti-corruption law is primarily contained in the Federal Ethics and Anti-corruption Commission Establishment Proclamations No. 235/2001 and No. A33/2005 (Anti-Corruption Law). Facilitation payments are illegal, and it is forbidden for civil servants to accept gifts or hospitality that may affect their decisions. However, reports indicate that it is weakly enforced, with key areas of weakness being the judicial system and law enforcement, public services, public procurement, and land administration.[56]
- A legislative framework against corruption exists in Ethiopia and anti-corruption drives have recently increased. The GoE has some credence in reducing corruption by establishing an anti-corruption watchdog and persecuting and sentencing of a number of high-profile corruption cases. There has recently been a number of high-level arrests due to corruption (including a State Minister in the Ministry of Finance and Economic Cooperation).

List the key documentation and sources used for the analysis:

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[56] Ethiopia Corruption Report, GAN Integrity, August 2017. See also Diagnosing Corruption in Ethiopia, World Bank 2012

6. Matching with Danish strengths and interests, engaging Danish actors, seeking synergy	
Briefly summarise the key conclusions and implications for the programme of the analysis of the below points:	
Identify: • where we have the most at stake – interests and values, • where we can (have) influence through strategic use of positions of strength, expertise and experience, and • where we see that Denmark can play a role through active partnerships for a common aim/agenda or see the need for Denmark to take lead in pushing an agenda forward.	• The proposed Programme aims at directly improving the livelihoods and productivity of Ethiopians. As Ethiopia remains one of the poorest countries in the world, the support will address poverty, hunger and inclusive, sustainable growth, which are main strategic priorities for Denmark. Another Danish priority, when engaging in countries as Ethiopia, is to address gender inequality. All Thematic Programmes include actions to improve gender equality. • As Denmark is a permanent and strong supporter of human rights, engaging with a government that often is criticised for not upholding basic human rights for its people, there is a risk of reputational damage for Denmark. However, engaging through building strong national institutions and improving the country's social responsibility are ways to improve the Government's accountability and responsibility to its people. The engagements of the Programme are considered relevant entry-points for Denmark to support improved livelihoods in Ethiopia. • Regarding issues that Denmark is a strong advocate for, such as Sexual and Reproductive Health and Rights (SRHR), the engagement offers entry-points where it is possible to influence agendas. The influence can in particular happen through active participating with partners throughout formulation and implementation and through ongoing close dialogue with implementing partners and the Government. • Denmark will through the programme actively engage in partnerships, not only with GoE, but also international organisations such as the World Bank, and other bilateral donors such as Ireland, the Netherlands, DfID, USA, Canada, and the EU and CSOs.
• Brief mapping of areas where there is potential for increased commercial engagement, trade relations and investment as well as involvement of Danish local and central authorities, civil society organisations and academia.	• Increased trade and investments could be directly promoted through the Programme, particularly within sustainable energy and the agriculture sector on which the programme has a strong focus. There is a strong focus on increasing agricultural productivity and commercialisation, an area where the Danish knowledge base and Danish companies have a lot to offer, and several Danish companies have already show great interest in Ethiopia. • Denmark and Ethiopia are jointly supporting further private sector engagement, through the P4G Platform/Hub, a new DMDP project as well as an agricultural incubator, funded by the Danish Tech Fund. • Several Danish CSOs are already present in Ethiopia and work on improving food security,

	market access for agricultural production, livelihoods, environment, adaptation to climate change etc. Danish CSOs with specific knowledge within the Programme areas could potentially become indirect partners of the Programme, which potentially can create synergies within the country programme.
• Assessment of the donor landscape and coordination, and opportunities for Denmark to deliver results through partners including through multilaterals and EU.	• There is a broad donor support to all four Thematic Programmes. • For Thematic Programme 1 (ATA-ACC), Denmark is leading an effort to establish a joint donor setup for the support to and dialogue with ATA. • Thematic Programme 2 (PSNP), which is supported through the World Bank administered Multi-Donor Trust Fund, provides a good platform for joint donor coordination and communication with GoE. • For Thematic Programme 3 (CRFL), Denmark will be in direct partnership with the Regional Government, but the programme will be harmonized with the new Norwegian led support to the climate agenda through REDD+. • Thematic Programme 4 (Governance and Human Rights) will delivered through multi-donor programmes managed by UNDP and UN Women.

7. Stakeholder analysis

Briefly summarise the key conclusions and implications for the programme of the analysis of the below points

Who are the stakeholders that may be interested in or affected by the program, including donors?

Thematic programme 1.

- At national level, ATA cooperates with multiple government institutions, including the Ministry of Agriculture, the Ministry of Livestock, and other key ministries and institutions. ATA operates under the guidance of the Agricultural Transformation Council, headed by the Prime Minister.
- At regional level, ATA has four offices and teams of staff who work with local institutions.
- The ACC programme covers 259 woredas and local government counterparts – mainly through the Bureaus of Agriculture and their extension services.
- The beneficiaries are smallholder farmers who are reached through the extension services (so-called development agents), cooperatives and private companies purchasing agricultural produce in the respective value chains.
- ATA has seen support from many development partners. These include Bill and Melinda Gates Foundation, UNDP, CIDA, the Netherlands, the World Bank (a multi donor trust fund with funds channelled to ATA through MoALR), USAID and Norway is now considering support to ATA. The interaction with the development partners has to a large extent been bilateral but with the new programme, a more concerted and transparent approach is suggested with joint meetings, etc.

Thematic programme 2.

- At Federal level, the main stakeholders are (i) The Food Security Coordination Directorate and (ii) the Natural Resources Management Department and the Livelihood Implementation Unit, both under the Ministry of Agriculture and Natural Resources, and (iii) The National Disaster Risk Management Commission (coordination of all aspects of the humanitarian response, including the management of the food resources required for both the PSNP).
- At subnational level, the main stakeholders are: the Regional Cabinets, the Woreda Cabinets and the Kebele Food Security Task Force.

- In a broader sense, the whole communities are stakeholders as the Public Works on which the beneficiaries will work are important for the communities (schools, roads, water points, reforestation, water and soil conservation etc.).
- Among the development partners, the main contributor is the World Bank, followed by DfID, Canada, USAID and Ireland. Other partners are: Netherlands, Denmark, EU, World Food Programme, Austria and Unicef.
- Particularly for the WFP engagement, important stakeholders are ARRA, Local Governments in the intervention communities, and the refugee and hosting communities themselves.

Thematic programme 3.

- Government stakeholders at the national level include MEFCC (incl. The Forest Sector Transformation Unit), MoFEC (CRGE Facility).
- Government stakeholders at the sub-national level include SSNPR Regional Government (Bureau of Environment and Forests, BOFEC), Kaffa Zonal Administration (Zonal Office of Environment and forests, ZOFEC, and relevant technical offices including agriculture, livestock, health), and Woredas and Kebeles in the Kaffa Biosphere Reserve.
- Communities (incl. PFM groups) in the Kaffa Biosphere Reserve.
- Civil society organisations working on PFM and community development in the Kaffa Biosphere Reserve.
- Academic and higher learning institutions working on forestry and forest conservation in the Kaffa Biosphere Reserve)
- International stakeholders include those involved in REDD+ and forestry: Norway, UNDP, the World Bank.

Thematic programme 4.

- Government stakeholders include FEACC and EHRC, and to a lesser extent, also Attorney General's Office, national police, Ministry of Justice, Ministry of Finance and Economic Cooperation (MoFEC)
- Women in Federal and regional governments both in representative and non-elective roles.
- Civil society organisations working on human rights, access to justice and anti corruption.
- International stakeholders include – UNDP, UN Women, EU, World Bank, plus bilateral donors, especially Sweden, Norway, and Austria.

Who are the key stakeholders and what are their main interests, capacity and contributions?

Thematic programme 1.

- ATA is the main stakeholder at central level, and cooperates with a myriad of farmers, businesses, services providers, cooperatives, and both woreda and regional level government agencies. Their main interest is to accelerate the development in the agricultural sector, and they seem to be successful in bringing other stakeholders on board.

Thematic programme 2.

- See Annex 2

Thematic programme 3.

- The CRGE Facility's main interest is to mobilise and report on climate financing. Their contribution will be to channel funding and ensuring financial management and reporting is up to standard and timely.
- *MEFCCC* is the technical ministry responsible for forest management/conservation and climate change adaptation and mitigation. Its role is policy formulation, regulation, providing technical support for sub-national government. MEFCC does not have a direct implementation mandate, and their role in CRFAL is thus to a) provide technical support on PFM (through the Forest Sector Transformation Unit), and b) review technical progress reports.
- *SNNPR Regional Government* is responsible for development planning and implementation in SNNPR, and provides oversight to the zonal and woreda levels. As such, their role is to approve programme work plans and budgets, recruit programme staff, oversee implementation and approve technical and financial reports and submit these to MEFCC and MOFEC.
- Kaffa Zonal Administration: the Zonal Administration is responsible for development planning and implementation in the Kaffa Biosphere Reserve – and thus responsible for providing coordination, capacity development and oversight for the woredas. Hence, the Zonal Administration is directly responsible for the day-to-day programme implementation. The Programme management unit will be housed at the Zonal Administration.
- Woredas and kebeles: Government staff at the woreda and kebele level will be responsible for the direct interaction with communities, including the provision of extension services and support for the livelihoods activities.
- Communities: Community PFM groups will be established and strengthened so that they can manage the areas allocated for PFM. Producer groups and individual households will be engaged in livelihoods activities.

Thematic programme 4.

- see Annex 2

How do the stakeholders (in this programme context) communicate, coordinate, and cooperate?

Thematic programme 1.

- At the local level, ATA has so-called Value Chain Alliances, which are the coordination groups for the stakeholders of the value chains. There seems to be a good structure for discussing problems and identify solutions. As a part of the next phase of the programme, the aspect concerning dialogue between the Alliances, the regional boards and in turn to the national level transformation council will be strengthened.
- The regional ATA staff works closely with local stakeholders, including the farmers, cooperatives, the local extension system under the Bureau of Agriculture.

9.1.1 Thematic programme 2.

- The main coordination entity is the PSNP Donor Working Group. The World Bank administered Donor Coordination Team for the PSNP works closely with different government agencies and provides implementation support covering all aspects of the programme.
- For the WFP, the main coordination is through the Humanitarian Assistance structures. WFP has a close relationship with the Federal Government and with local governments in the intervention areas.

9.1.2 Thematic programme 3.

- MOFEC (CRGE Facility), MEFCC, SNNPR Regional Government, Kaffa Zonal Administration are all present in the Programme Steering Committee. The Zonal Administration reports to the Regional Government, who in turn submits financial reports to MOFEC and technical reports to MEFCC. The Regional Government provides technical and managerial support and oversight to the Zonal Administration, and MEFCC will also provide technical support to the Zonal Administration (e.g. on PMF).

9.1.3 Thematic programme 4.

- Government stakeholders (GDPP implementing partners) are present in the Programme Management Board (PMB) and the Programme Technical Committee (PTC), together with UNDP and one contributing donor (in rotation)
- BoWCA and UN Women sign Letter of Agreement at regional level outlining their joint cooperation, Denmark and other donors will meet at least annually to review progress on the Strategic Note (2017-2020)

Who is the lead stakeholder and is it a homogeneous group or are there divisions within the group?

Thematic programme 1.

- ATA is the lead agency and is governed by the Agricultural Transformation Council, chaired by the Prime Minister. The Council sets the strategic direction of the ATA and provides oversight of all of the organisation's activities, involving other parties to facilitate decision-making as required.
- The Transformation Council is composed of the following members:
  - His Excellency Dr Abiy Ahmed – Prime Minister and Chairman of the Agricultural Transformation Council
  - His Excellency Eyassu Abraha, PhD – FDRE, State Minister of Agriculture Livestock Resource Management
  - His Excellency Prof. Fekadu Beyene, PhD – FDRE, State Minister of Agriculture Livestock and Resources
  - His Excellency Abreham Tekeste, PhD – FDRE, Minister of Finance and Economic Cooperation
  - His Excellency Sileshi Bekele, PhD – FDRE, Minister of Water, Irrigation and Electricity
  - His Excellency AtoMelaku Alebel, – FDRE, Minister of Trade
  - His Excellency Ambachew Mekonen PhD– FDRE, Minister of Industry
  - His Excellency Ato Alemayehu Tegenu – Chief Executive of Cabinet Minister
  - Head of Amhara Regional state Agriculture Bureau
  - Ato Sileshi Getahun – Head of Oromia Regional state Agriculture Bureau
  - Ato Tilahun Kebede – Head of SNNP Regional state Agriculture Bureau
  - Ato Kiros Bitew – Head of Tigray Regional state Agriculture Bureau
  - Fantahun Mengistu, PhD – Director General of Ethiopian Institute for Agriculture Research
  - Ato Khalid Bomba – Chief Executive Officer, Agricultural Transformation Agency and Secretary for the Agricultural Transformation Council
- The high-level and broad representation in the steering of ATA should ensure a coherent and homogeneous decision-making process that can tackle potential challenges.

9.1.4 Thematic programme 2.

- On the Government side the lead stakeholders are: (i) The Food Security Coordination Directorate and (ii) the Natural Resources Management Department and the Livelihood Implementation Unit, both under the Ministry of Agriculture and Natural Resources, and (iii) The National Disaster Risk Management Commission (coordination of all aspects of the humanitarian response, including the management of the food resources required for the PSNP). There is an effort to integrate the PSNP with the humanitarian aid through the National Disaster Risk Management Commission. This has turned out to be rather complicated, but continues to be the goal of PSNP 4.
- For the WFP engagement with refugee hosting communities, WFP is the most important actor.

9.1.5 Thematic programme 3.

- The project is embedded in Government structures and fully aligned with the respective mandates of each participating Government entity.

9.1.6 Thematic programme 4.

- UNDP is the implementing partner for Denmark (and other donors) for the GDPP engagement. The other main stakeholders are FEACC and EHRC, who have responsibility within their (separate) mandates.
- UNWomen is the implementing partner for the second engagement. Other main stakeholders are the Ministry of Women and Children's Affairs and the Bureau of Women and Children's Affairs as well as other government stakeholders and a range of civil society actors.

How have key stakeholders been involved during the preparation and formulation process?

Thematic programme 1.

- Yes, it was decided to opt for core funding for the Agricultural Commercialisation Clusters, and as such the ATA was in the lead of the formulation process.

9.1.7 Thematic programme 2.

- Yes. There have been extensive consultation at all levels during the preparation of PSNP 4.
- The WFP engagement is presently under development.

9.1.8 Thematic programme 3.

- Yes. Consultations were held with MOFEC (CRGE Facility), MEFCC, SNNPR Regional Government, Kaffa Zonal Administration. Kaffa Zonal Administration staff has prepared the first draft programme document.

9.1.9 Thematic programme 4.

- Yes. Consultations were held with UNDP, FEACC and EHRC.
- Yes. Consultations were held with UNWomen, and CSOs managing the VAWG interventions.

Which stakeholders are likely to support the programme and who, if any, are likely to hinder the program? (Who stands to gain and who stands to lose?)

Thematic programme 1.

- All the current stakeholders are expected to continue their support to ATA. There may be an element of rivalry between ATA and the main line ministry (MoALR), as ATA is making interventions in fields that could be considered their main turf and being better resourced (including staff with salaries higher than other government staff).

Thematic programme 2.

- Apart from the institutional rivalry between PSNP and the humanitarian aid administration, all stakeholders are expected to support PSNP.
- For the WFP engagement, one of the important challenges is to address the tensions between the refugee groups and the hosting communities. A particular challenge is the access to land for the refugees.

Thematic programme 3.

- Government stakeholders are expected to be supportive of CRFL, and there is a high interest in the programme from the Kaffa Zonal Administration. CRFL supports the implementation of Government policies and plans vis-à-vis climate change, forest conservation, and livelihoods.

Thematic programme 4.

- GoE stakeholders are expected to be supportive of the GDPP and the PVAWG and EGRDP programmes. However, the GoE will also set the limits for programme engagement, especially relating to human rights and civil society engagement.

What are potential strategies (approaches, methods, etc.) for engaging key stakeholders?

Thematic programme 1.

- ATA has a functioning set-up with boards/steering units /platforms created at national, regional and value chain level. This is a proper mechanism for engaging stakeholders at all levels and promote the dialogue. The only aspect that has seen less attention in the current work of ATA is public private sector dialogue and having a mechanism for a bottom-up approach to soliciting and presenting value chain and enabling environment challenges, and this has been accommodated in the new project document and new results framework of ATA.

9.1.10 Thematic programme 2.

- The key stakeholders are presently well represented and engaged in the different structures, including the development partners. It is not planned to take further initiatives in this sense.
- WFP has procedures and strategies for engaging the communities, which will be applied in the engagement.

9.1.11 Thematic programme 3.

- The programme will be implemented by Government, especially at the Zonal and local levels. Participatory forest management will be the vehicle for programme delivery – engaging communities, whose capacities will be built and ultimately authority will be given to community groups to manage their forests (in the buffer zones). Moreover, community-members will be directly engaged in the identification and implementation of livelihoods options.
- A programme management unit will be established at the Zonal Administration to facilitate and manage the implementation. Moreover, a social inclusion adviser will be finance at MEFCC (Forest Sector Transformation Unit).

9.1.12 Thematic programme 4.

- Government stakeholders (GDPP implementing partners) are present in the Programme Management Board (PMB) and the Programme Technical Committee (PTC), together with UNDP and one contributing donor (in rotation). In addition, UNDP is establishing a PMU that will be the vehicle for technical cooperation and outsourcing of additional capacity inputs. The donors will establish a close working relationship and interact directly with UNDP. Donors and UNDP are also represented in the Governance WG of the Development Assistance Group (DAG), the overall donor coordination mechanism.
- Largely, UN Women applies a strategy of piloting, evaluating before scaling up contextually appropriate interventions across regions. They use mentoring and networking to support women's participation in politics. To combat GBV they are testing a grassroots engagement strategy known as SASA! It is used to mobilise and engage with communities on sensitive issues such as gender.

Which stakeholders offer the best overall prospects in terms of possible partnerships and why?

Thematic programme 1.

- ATA is assessed as an organisation with strong institutional capacity. The work on increasing the regional cooperation in the four regions where ATA has offices is also central in the partnership model and this decentralisation process should be further supported.

9.1.13 Thematic programme 2.

- The PSNP is 70% financed by development partners, and most of it is through the World Bank and the WB trust fund. This has worked well in the past and is expected to continue to do so.
- WFP is considered to be the partner best positioned to intervene in the communities hosting refugees.

9.1.14 Thematic programme 3.

- The Kaffa Zonal Administration is responsible for the implementation at the Kaffa Biosphere level and thus central to the achievement of the programme objectives. The SNNPR Regional Government plays a critical role in terms of supporting the Zonal Administration and providing oversight.

9.1.15 Thematic programme 4.

- The GDPP is 100% donor financed and UNDP can be expected to be receptive to donor dialogue and inputs. FEACC and EHRC have both bought into the programme and can be expected to support it.
- The Ministry and Bureau of Women and Childrens Affairs are closely engaged and supportive of the work of UN Women and have been involved in previous phases of both the PVAWG and EGRDPP. They are the lead ministry at Federal and National level to deliver gender equality.

10 Annex 2. Partners

10.1 Thematic programme 1: Agricultural commercialisation

Summary of stakeholder analysis

The Agricultural Transformation Agency (ATA) sees a high level of political commitment and is governed by the Agricultural Transformation Council, chaired by the Prime Minister and with key Ministers as members of the Council.

Through the ACC, ATA has a large outreach to regions and district and cooperates with many beneficiaries including the smallholder farmers (the main beneficiaries). The secondary beneficiaries who are engaged to stimulate the value chain development include cooperatives, larger buyers and processors in the selected value chains as well as private sector services providers and government support agencies, again stretching from district to regional and national level.

Criteria for selecting programme partners

ATA was pre-selected as a partner, as a continuation of the prior phase which also received Danida funding for the purpose of greening the agricultural transformation agenda. ATA holds a unique position and mandate to further inclusive and sustainable growth and agricultural development with emerging impact on smallholder farmers and their value chains, given ATA's cross-cutting mandate.

Brief presentation of partner

ATA was established in 2011 to accelerate the development of the agricultural sector in Ethiopia. The Agricultural Transformation Agenda concept grew out of a two-year diagnostic study of Ethiopia's agriculture sector, led by the Ministry of Agriculture and facilitated by the Bill & Melinda Gates Foundation. The study examined how Ethiopia could replicate the agricultural transformation seen in many Asian countries during their first phase of development[57], and it hence became a response to the first Growth and Transformation Plan (GTP).

ATA works under the oversight of the Agricultural Transformation Council chaired by the Prime Minister, with members comprising all relevant line Ministers and well as regional Ministers. It is tasked with catalysing and supporting all key stakeholders, transform the country's agriculture sector and thereby enable the country to achieve middle-income status by 2025, for which the ACC is the main programme. ATA has seen high level political commitment and development partner support, and with an annual budget of around USD 18,5 mill[58], it covers a wide range of interventions.

ATA is not meant to replace existing agricultural actors and interventions, but rather to enhance the capacity of key stakeholders to achieve agricultural transformation. In particular, the Agency strives to: 1) Introduce new technologies and approaches that can address systemic bottlenecks and catalyse transformation of the sector, and 2) play a catalytic role to support partners to effectively execute agreed upon solutions in a coordinated manner.

Other development partners supporting ATA includes the Bill and Melinda Gates Foundation, the Netherlands, the World Bank (through a multi-donor trust fund) and Norway is considering support.

57 https://www.ata.gov.et/about-ata/ATA's-role/
58 ATA accounts financial years 2015 and 2016.

ATA is a time-bound organisation that aims to fulfil its mandate within a 15-20 year lifespan, after which ATA is expected to handover ownership to partners. The last so-called transition phase is scheduled for 2026-30.

10.2 Thematic programme 2: Coherence between humanitarian responses and development cooperation

Summary of stakeholder analysis

PSNP has 8 million people targeted as core beneficiaries in 8 regions. It is therefore very visible and there are stakeholders at all levels, from kebele to central Government level. The main stakeholders are the poor families and the public administration at all levels, where specific structures have been set up for the programme.

At Federal level, the main stakeholders are (i) The Food Security Coordination Directorate and (ii) the Natural Resources Management Department and the Livelihood Implementation Unit, both under the Ministry of Agriculture and Natural Resources, and (iii) The National Disaster Risk Management Commission (coordination of all aspects of the humanitarian response, including the management of the food resources required for both the PSNP).

At subnational level, the main stakeholders are: the Regional Cabinets, the Woreda Cabinets and the Kebele Food Security Task Force.

In a broader sense, the whole communities are stakeholders as the Public Works on which the beneficiaries will work are important for the communities (schools, roads, water points, reforestation, water and soil conservation etc.).

Among the development partners, the main contributor is the World Bank, followed by DfID, Canada, USAID and Ireland. Other partners are: Netherlands, Denmark, EU, World Food Programme, Austria and Unicef.

WFP: The Sustainable Livelihoods and Food Security Programme will target the up to 900.000 refugees currently in Ethiopia and the host communities in the regions of Somali, Afar, Gambella and Tigray.

At federal level, the main stakeholders are: (i) the National CRRF Co-ordination Office and (ii) the Administration for Refugee and Returnee Affairs.

At subnational level, the main stakeholders will be (i) the local governments of the regions Somali, Afar, Gambella and Tigray, and (ii) the communities representing the targeted woredas[59]

The programme will likely be implemented in cooperation with Farm Africa and Mercy Corps. The Programme is already supported by Sweden.

Criteria for selecting programme partners

The World Bank is the lead donor for the national safety net programme, which has well-established multidonor funding and coordination mechanisms. The World Bank administered Donor Coordination Team is co-financed by all PSNP donors, ensuring a coherent donor approach and reducing the administrative workload for GoE partners.

[59] Dolla Oddo, Awbare and Kebribeyah woredas of Somali region; Tahtay Adiabo and Asgede Tsimbla woredas of Tigray region; Asayta woreda of Afar region; and Gog, Dimma and Itang wordas of Gambelle region.

It is possible to support the PSNP directly as some donors, or in the case of USAID to provide parallel funding to specific geographic areas. However, this is considered less than ideal in terms of aid effectiviens.

WFP was selected due to its proven capacity and central mandate as a humanitarian actor in Ethiopia. The programme will an expansion of an existing WFP programme, using existing mechanisms, ideally reducing the response time. The objectives of the programme are fully in line with the framework of the CRRF for Ethiopia.

Brief presentation of partner

The World Bank, together with the United Nations Development Programme and one bilateral donor, is one of the rotating co-chairs of the Development Assistance Group, the main forum for donor coordination in Ethiopia. The World Bank is also the lead agency that coordinates and provides implementation support to the PSNP. The Donor Coordination Team (DCT) for the PSNP (financed through the World Bank-executed Multi-Donor Trust Fund) works closely with different government agencies and provides implementation support covering all aspects of the programme. Furthermore, the World Bank provides an oversight of financial management and procurement activities through prior reviews, which will be based on the risk level

WFP is one of the largest humanitarian actors in Ethiopia The WFP country programme is aligned with the GTP 2 and focuses on disaster risk management, resource management, basic social service, agricultural markets and livelihoods. WFP provides emergency relief and food assistance, as well as supporting small farm-holders and providing nutrition for schoolchildren in Ethiopia. .

10.3 Thematic programme 3: Climate-Resilient Forest Livelihoods

Summary of stakeholder analysis

The CRGE Facility (MOFEC) will be responsible at federal level for disbursement of CRFL funds to the Ministry of Forest MEFCCC and the SSNPR Regional Government, and for ensuring the quality of technical and financial management and reporting. MEFCC will under CRFL provide technical support on PFM, and monitor technical progress. CRFL will support MEFCC with a social inclusion adviser to strengthen its capacity to address and integrate social concerns in forest management and PFM.

At regional level, the SNNPR Regional Government will be responsible for approval of CRFL recruitment, as well approve and ensure the quality of work plans, budgets, and reports.

The Kaffa Zonal Administration is responsible the day-to-day programme management and implementation; the CRFL programme management unit will fall under the Zonal Administration. Woreda and kebele level government is be responsible for the direct interaction with communities, including the mobilisation of PFM groups and support for the livelihoods activities.

Community PFM groups will manage the areas allocated for PFM. Producer groups and individual households will be engaged in livelihoods activities.

Criteria for selecting programme partners

CRFL is fully aligned with the normal structures and procedures of GoE. Hence, the stakeholders are selected and their roles in CRGL is fully based on their formal mandates and roles in relation to forest management, PFM, and community development in the Kaffa Biosphere Reserve.

Brief presentation of partner

The CRGE Facility (MOFEC) mobilises and reports on climate financing, and all donor support for GoE is channelled through MOFEC, who is responsible for financial reporting to the donors. MEFCC is the technical ministry responsible for forest management and climate change. Its role is policy formulation, regulation, providing technical support for sub-national government. MEFCC does not have a direct implementation mandate, which rests with the regional governments.

The SNNPR Regional Government has the overall responsibility for development planning and implementation as well as service delivery to the region's population, and therefore provides oversight to the zonal and woreda levels.

The Kaffa Zonal Administration is responsible for development planning and implementation in the Kaffa Biosphere Reserve and thus responsible for providing oversight of the woredas. Woreda and kebele level government is be responsible for the direct interaction with communities, including the provision of extension services.

10.4 Thematic programme 4: Governance and Human Rights

Summary of stakeholder analysis

UNDP 's GDPP currently supports 11 key governance accountability institutions – including the Parliament (HoPR), the Human Rights Commission (EHRC), the Ombudsperson (EIO), the Auditor General (OFAG), the Electoral Board (NEBE), the Attorney General (OAG) and the Federal Ethics and Anti-Corruption Commission (FEACC). Others are the House of Federation (HoF), the Council of Constitutional Enquiry (CCI), the Ministry of Federal and Pastoralist Development Affairs (MoFPDA) and the Government Communications Affairs Office (GCAO).

It is an ambitious programme with a broad focus which suggests that it will be able to exploit emerging windows of opportunity and a flexible approach is needed.

Donors to GDPP are Austria, Sweden and (expected) Norway.

GDPP provides a relevant mechanism for engaging with rights holders and encouraging trust and stronger links between the civil society organisations remaining and Government agencies.

UN Women provides support for activities related to women's empowerment from both a bottom-up and top-down approach, targetting both duty-bearers and rights-holders. UN Women works with a wide range of partners, from governmental duty bearerssuch as the Ministry of Women and Children Affairs and Regional Councils in Afar, Tigray, SNNPR, Oromia and Amhara, civil society rights-holders such as Ethiopian Women Lawyers Association (EWLA) and Association of Women's Sanctuary and Development (AWSAD).

Criteria for selecting programme partners

UNDP was requested to develop the GDPP on request of the GoE. At the time of identification, the space for engagements in the field of governance and human rights was very limited, with GDPP being one of only a few dedicated governance programmes having the full support of the GoE. While the ongoing reform agenda is expected to open the space for new interventions, it is still in early stages. Furthermore, the GDPP directly supports some of the key public institutions involved in the reform agenda, such as the Attorney General's Office.

UN Women works to empower women in direct response to SDG 5, putting, as stated in 'The World 2030' womens' and girls' rights at the very center of attention. UN Women works both as

an implementing agent of its own programmes, while also having a coordinating and leadership role in working for and promoting gender equality across the UN system and its activities in Ethiopia..

Both partners have been selected on the basis of criteria including technical capacity and mandate; access to stakeholders; programming relevance (to both national policy (GTP II), SDGs, and Danish policy); as well as existing support from other development partners, thereby reducing transaction costs and increasing sustainability.

Brief presentation of partners

UNDP has operated in Ethiopia since 1981. It has focused on providing Ethiopia with strategic support to build national capacity and enhance the country's development results in the areas of poverty reduction and economic growth, democratic governance as well as climate resilient development. UNDP provides policy advice, technical support, capacity building and brokering partnerships within the UN and development partners. UNDP helps the government to put in place the right mechanisms, appropriate systems and capacity for monitoring and implementing international principles that Ethiopia has signed up to. UNDP is also actively involved in the promotion of human rights education, and providing policy advice on domesticating international laws. UNDP's main intervention in the governance area is the Governance and Democratic Participation Programme (GDPP). The Federal Ethics and Anti-Corruption Commission and the Human Rights Commission are the direct beneficiaries of the support to be provided by Denmark via UNDP.

The Federal Ethics and Anti-Corruption Commission (FEACC) is the main government institution at the federal level with responsibility for anti-corruption policy and implementation and was established in May 2001. The Commission is accountable to the Prime Minister. The Commission's mandate is to: (1) Create a society where corruption will not be condoned or tolerated by promoting ethics and anti-corruption education; (2) Prevent corruption offences and other improprieties by examining the practices and procedures in government offices and public enterprises to secure the revision of methods of work which may be conducive to corrupt practices; (3) Create and promote integrity in public service by detecting, investigating and prosecuting alleged or suspected cases of corruption offences and other improper ties; (4) Ensure the preparation and follow up of the implementation of codes of ethics for public officials and servants. In practice, the FEACC takes the lead on preventative aspects of anti-corruption while the Attorney General's Office and the police are more involved in investigation and prosecution. The FEACC is also supplemented by a number of regional offices (REACCs) in the federal states. A 2012 EU assessment (the most recent available) noted that the FEACC was under-staffed and under-resourced and that it needed to make increased efforts to generate public support and trust. Nevertheless, the assessment concluded that FEACC had made notable strides in improving the effectiveness of its operations and has the potential to become a credible anti-corruption authority.

The Human Rights Commission (EHRC) is the national human rights institution established in accordance with Article 55/14 of the Constitution. Its objective is to educate the public on human rights and ensure that human rights are protected, respected and fully enforced. The EHRC is headed by a Chief Commissioner, a Deputy Chief Commissioner, a Commissioner heading the Children and Women Affairs Directorate and eight branch office Commissioners. The EHRC's governing Council of Commissioners composed of 11 Commissioners. The general assessment is that EHRC lacks capacity and independence. The ECHR's most recent strategic plan (2011-2016) highlighted the importance of enhance the number and capacity of EHRC staff, outreach, and service delivery in relation to women and vulnerable groups. The low organisational capacity

presents a challenge for effectively monitoring the HR situation in the country and reporting adequately to the OHCHR system. EHRC has also noted (to the formulation team) the importance of strengthening its case handling, support to Free Legal Aid (FLA), and outreach (human rights awareness raising and links to regional human rights bodies at state level). EHRC is currently assessed as a Category B institution in relation to the Paris Principles, meaning that it is not independent. Recent reports from human rights defenders (e.g. Amnesty, Human Rights Watch) have criticised the partiality and uneven coverage of EHRC reporting, for example on the 2017 disturbances. Expectations in these respects should be tempered by the difficult political environment that has an impact on the EHRC's freedom of manoeuvre.

UN Women has been operating in Ethiopia since the agency was formed in 2010 (and before that through UNIFEM and other agencies). UN Women's role includes promotion of gender through the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW). The most recent Strategic Note (2017-2020) responds to the SDGs (particularly SDG 5) as well as the Government's development plan (GTP II), where the promotion of women (and youth) empowerment is a priority area.

The SN highlights the following results areas: promoting women in leadership and decision making at all levels; economically empowering poor women, ending violence against women and girls, and supporting governance and national planning to reflect gender equality commitments and priorities. The country office has developed four programmes reflecting these results areas; the two that Denmark will support on women's democratic participation and combating GBV (EGRDP and PVAWG Programmes) are expansions of already existing programs. While donors generally consider UN Women to be a good partner, there are concerns of overstretch and limited capacity to manage expanding programmes, particularly as programmes expand into new regions. This should be managed with assessments of managerial capacity at the start of programming phases. Additionally, UN Women has been criticised as lacking a sufficiently strategic approach. Nevertheless, with support from donors this is improving.

Summary of key partner features

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
What is the name of the partner?	What is the main business, interest and goal of the partner?	How important is the programme for the partner's activity-level (Low, medium high)?	How much influence does the partner have over the programme (low, medium, high)?	What will be the partner's main contribution?	What are the main issues emerging from the assessment of the partner's capacity?	What is the strategy for exiting the partnership?
Thematic programme 1: Agricultural commercialisation						
The Ethiopian Agriculture Transformation Agency (ATA)	ATA is the lead agency for spearheading the transformation of the agricultural sector in cooperation with multiple other partners.	High. The Agricultural Commercialisation Clusters covers the majority of ATA's work.	High. ATA is mandated by the GoE and is partly in charge of direct implementation where it is assessed that there is not natural partner, and partly overseeing the implementation of other partners with ATA being responsible for technical oversight.	ATA is a well-resourced organisation with technical capacity and mandate to oversee the ACC programme.	None.	ATA is established with a temporary mandate of up to 20 years, after which ATA is supposed to close and hand over responsibility to other partners, including line ministries.(scheduled for 2026-30, the so-called transition phase) ATA is also partly funded by GoE budget whereby it is already on the finance bill and expected to remain there as long as ATA is operating, assumedly also if Denmark will not continue funding beyond the

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
						current phase (2018-2022)
Thematic programme 2: PSNP						
World Bank	Multilateral Development Cooperation Agency	High. This is the biggest programme of the WB in Ethiopia	High. The World Bank has high influence when formulating the programme and in monitoring and follow-up.	The World Bank is the lead agency that coordinates and provides implementation support to the PSNP. The Donor Coordination Team (DCT) for the PSNP (financed through the World Bank-executed Multi-Donor Trust Fund) closely works with different government agencies and provides implementation support covering all aspects of the programme. Furthermore, the World Bank provides an oversight	None	It is the expectation that the Government of Ethiopia gradually will take over the financing of the PSNP and that it will take over full financial responsibility by 2025. The present support is for PSNP 4 and the first two years of PSNP5. It is not expected that there should be need for further support from Denmark after this programme. However, the scale of humanitarian needs in Ethiopia and the region, mean that support for humanitarian aid will still be likely to be needed for the foreseeable future.

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
				of financial managem ent and procurem ent activities through prior reviews, which will be based on the risk level, assessed by the World Bank during appraisal and shall be updated annually.		
World Food Programme	Multilatera l Humanitar ian Response Agency	Medium. Ethiopia is one of WFP's largest operations, with food assistance representing 12% of WFP's world tonnage.	High. WFP is a central partner for the Governm ent and for the donor communit y.	WFP will be responsibl e for the overall implemen tation of the programm e activities. WFP will provide oversight and monitorin g of key partners.	The capacity of the partner will be further examined as part of the appraisal process.	The integration of humanitarian activities into the PSNP could mean that some of the activities could possibly be integrated into the next phase of the PSNP. However, the scale of humanitarian needs in Ethiopia and the region, mean that support for humanitarian aid will still be likely to be needed for the foreseeable future. .
Thematic programme 3: Climate Resilient Forest Livelihoods						

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
SNNPR Regional Government /Kaffa Zonal Administration	Sub-national Government responsible for governance, development planning and implementation, enforcement and service delivery in SNNPR/ Kaffa Zone.	High. These are the government entities directly responsible for managing the forests and for service delivery to the communities in the Kaffa Biosphere Reserve.	High. The Regional Government and Kaffa Zonal Administration are the programme owners and directly responsible for the management and implementation of all CRFL activities. Both will also be in the Programme Steering Committee.	The Kaffa Zonal Administration will be directly responsible for the day-to-day implementation of CRF, and the Programme Management Unit will be part of the Zonal Administration. The Regional Government is responsible for oversight of the Zonal Administration, including approval of staff positions, and ensuring that technical and financial reporting is timely and of sufficient quality.	The capacity of the Regional Government to carry out oversight and some technical support to the Zonal Administration is assessed as sufficient for CRFL. The Zonal Administration has experience with participative forest management and community development, but still need support in these areas, and also in carrying out the analytical groundwork on livelihoods options and carbon measurements.	Support will be gradually phase out. Existing PFM groups are likely to be self-sustaining by the end of the programme, but some of the new PFM groups may need more support. The Zonal Administration will be able to provide some continued support to the communities, after completion, but at a lower level. However, further assistance after CRFL can be expected to fully ensure that the Kaffa Biosphere Reserve is managed sustainably and that the communities are fully empowered.
Thematic programme 4: Governance and Human Rights						
United Nations Development Programme (UNDP) in Addis Ababa	UN agency with key competences within areas of governance, human	The GDPP is UNDP's primary governance engagement in Ethiopia and thus has high	UNDP has a high degree of influence over the GDPP, although this needs	UNDP provides programme oversight and technical inputs (via	UNDP has a dedicated staff attached to the GDPP (also staff members collocated	GDPP is intended to increase the capacity of key accountability institutions to manage their

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
	rights, security and conflict prevention.	importance. The Danish contribution represents approximately 20% of GDPP funding and is thus of medium importance.	also to take account of the fact that it is closely aligned with Government plans and that 11 key GoE institutions are formal implementing partners, including the FEACC and EHRC (which are the main beneficiaries of the Danish support)	a PMU located in UNDP and through programme officers located amongst implementing partners). UNDP also provides financial oversight and organises fiduciary assessments of beneficiaries.	with implementing partners). This will be enhanced in 2018 through the appointment of a five person strong PMU. The GDPP comes under the direct supervision of the UNDP Country Director.	mandates. The programme employs a structured approach (policy, capacity development, outreach, and monitoring) to achieve this. There is a good level of political buy-in from the GoE. However, further assistance beyond the life of the GDPP can be expected if GoE is to fully reach international standards.
UN Women in Addis Ababa	UN agency with key competences within areas of gender equality	High – the engagements supported by Denmark represent 50% of UN Women's activities outlined in their Strategic Note.	UN Women manage both PVAWG and EGRDP programmes directly and therefore have a high degree of control over them	UN Women will manage, select CSO partners and implementation strategies, oversee deliver, and provide financial and narrative results based reports to RDE.	UN Women have a dedicated, but small staff, and well-established procedures. It is important, that the capacity is not stretched due to mission creep or overstretching.	As this is a new engagement, with a likely need for more than one phase, RDE will review the Programme terminal evaluations and determine whether further support to a next phase is justified, or not.
Selected national implementing partners (i.e. supported through UNDP)						
Federal Ethics and Anti-	FEACC is the national	Medium. FEACC is GoE	High. FEACC is an	FEACC will be responsibl	FEACC has capacity constraints	See above. GDPP will provide

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
Corruption Commission - FEACC	agency with responsibility for prevention, investigation and prosecution of corruption. In practice, its main focus is on prevention.	funded. However, the GDPP provides an importance source of capacity development and will contribute to FEACC effectiveness.	"Implementing Partner" and signatory of the UNDP GDPP programme. It has a formal role in preparing, implementing and reporting on GDPP activities within its area of responsibility, although in practice UNDP will assist this.	e for providing GoE counterpart inputs, including leadership as the national partner. A positive working relationship between UNDP and FEACC is thus critical.	in terms of staffing (skills, numbers) and organisation, including meeting international standards (e.g. UNCAC recommendations). The GDPP is intended to address many of these constraints.	enabling capacities and organisational arrangements so that FEACC is better able to meet its mandate in accordance with international standards. However, further support can be expected to be needed beyond the programme period.
Ethiopian Human Rights Commission (EHRC)	EHRC is the main national human rights institution in Ethiopia established by the Constitution	Medium. EHRC is GoE funded. However, the GDPP provides an importance source of capacity development and will contribute to EHRC effectiveness.	High. EHRC is an "Implementing Partner" and signatory of the UNDP GDPP programme. It has a formal role in preparing, implementing and reporting on GDPP activities within its area of responsibility, although in practice UNDP	EHRC will be responsible for providing GoE counterpart inputs, including leadership as the national partner. A positive working relationship between UNDP and EHRC is thus critical.	EHRC has capacity constraints in terms of staffing (skills, numbers) and organisation, including meeting international standards (e.g. Paris Principles). The GDPP is intended to address many of these constraints.	See above. GDPP will provide enabling capacities and organisational arrangements so that EHRC is better able to meet its mandate in accordance with international standards. However, further support can be expected to be needed beyond the programme period.

Partner name	Core business	Impor-tance	Influence	Contri-bution	Capacity	Exit strategy
			will assist this.			

11 Annex 3. Results framework

Programme Title		**Agricultural Commercialisation**	
Thematic programme objective		Market-driven value chain development for the benefit of small holder farmers through an inclusive and environmentally sustainable approach	
Impact Indicator		Percentage increase in the incomes of Small Holder Farmers in the ACCs	
Baseline	Year	2016 2018/19	ETB 10.046 (ACC baseline survey 2017) 10% expected increase compared to 2016. (ACC Baseline validation to be conducted in first half of 2019
Target	Year	2022/23 [60]	66% (14 per cent increment every year according to GTPII)
Outcome 1		**Increased sustainable and market-driven agricultural production and productivity (IR1)**	
Outcome indicator		Percentage increase in yield (total productivity) for selected value chains of agricultural commodities (disaggregated by Male and Female HH, commodities and geographies)	
Baseline	Year	2018/19	24.5 per hectare (Central Statistics Agency)
Target	Year	2022/23	35.9 per hectare (ACC Plan)
Output 1.1		Increased farmers' adoption of quality agro-inputs and mechanisation	
Output indicator		Percentage increase in input use efficiency (i.e. using quality agro-inputs and mechanisation at the recommended rate) (Disaggregated by fertilizer, seed and mechanization)	
Baseline	Year	2016/17	50% (IFPRI report for fertilizer (20%), improved seed (78%), Mechanization (2%) with weighted average)
Annual target	Year 1	2018/19	55%
Annual target	Year 2	2019/20	60%
Annual target	Year 3	2020/21	65%
Annual target	Year 4	2021/22	70%

[60] The final year of the results framework is 2022/23 as the reporting follows the Ethiopian fiscal year that starts on 8th July of and ends 7th July of the following year.

Target	Year 5	2202/23	75%
Output 1.2		Increased adoption of post-harvest technologies and practices	
Output indicator		Percentage of farmers who used improved on-farm storage and other post-harvest handling practice (gender disaggregated)	
Baseline	Year	2016/17	2.8% (IFPRI baseline for mechanization)
Annual target	Year 1	2018/19	5%
Annual target	Year 2	2019/20	10%
Annual target	Year 3	2020/21	12%
Annual target	Year 4	2021/22	15%
Target	Year 5	2022/23	17%
Output 1.3		Improved system for input provision, extension, financial and environmental services	
Output indicator		Percentage increase in number of farmers with access to regular and ICT-based extension services, technical advice (extension and support tools)	
Baseline	Year	2016/17	63% (IFPRI report on information provided by extension staff)
Annual target	Year 1	2018/19	65%
Annual target	Year 2	2019/20	70%
Annual target	Year 3	2020/21	75%
Annual target	Year 4	2021/22	80%
Target	Year 5	2022/23	85%
Outcome 2		**Improved value addition and access to domestic and international market (IR2)**	
Outcome indicator		Percentage increase in value of value added commodities	
Baseline	Year	2016/17	38% (any value-added activity in IFPRI report)
Target	Year	2022/23	50%

Output 2.1		Improved market infrastructure and services including IT, storage, transport, rural finance	
Output indicator		Percentage increase in the value of loan (and other savings products including savings/deposits) provided by cooperatives and MFIs to SHFs in ACC areas	
Baseline	Year	2016/17	4,150 Birr (Average loan size from all sources by farmer)
Annual target	Year 1	2018/19	4,565 ETB (annual increment of 10%)
Annual target	Year 2	2019/20	5,022 ETB (annual increment of 10%)
Annual target	Year 3	2020/21	5,524 ETB (annual increment of 10%)
Annual target	Year 4	2021/22	6,077 ETB (annual increment of 10%)
Target	Year 5	2022/23	6,685 ETB (annual increment of 10%)
Output 2.2		Created sustainable market linkage including quality and traceability etc	
Output indicator		Percentage of farmers /coops linked with buyers through contractual agreements (gender disaggregated)	
Baseline	Year	2016/17	1% (IFPRI Baseline)
Annual target	Year 1	2018/19	5%
Annual target	Year 2	2019/20	10%
Annual target	Year 3	2020/21	12%
Annual target	Year 4	2021/22	15%
Target	Year 5	2022/23	17%
Output 2.3		Increased adoption of value addition practices in ACC value chains	
Output indicator		Value of new private sector investment (domestic and foreign) in the priority commodities leveraged by ACCs implementation	
Baseline	Year	207/18	2.04 BN ETB (Actual Data from Agribusiness & Markets Vertical)
Annual target	Year 1	2018/19	3.23 BN ETB

Annual target	Year 2	2019/20	4.48 BN ETB
Annual target	Year 3	2020/21	5.67 BN ETB
Annual target	Year 4	2021/22	6.80 BN ETB
Target	Year 5	2022/23	7.82BN ETB
Outcome 3		**Improved institutional capacity and enabling environment[61] for commercialisation (IR3)**	
Outcome indicator		Number of policies, strategies, and regulations, endorsed on issues such as (mechanisation, import tariffs distribution of agricultural inputs, finance, including implementation of quality standards etc.)	
Baseline	Year	2019	5 identified policy areas
Target	Year	2022/23	5 policy recommendations (achieved and completed)
Output 3.1		Established strategic platforms to integrate interventions	
Output indicator		Number of functional Value Chain Alliances[62] established for the selected key commodities[63]	
Baseline	Year	2017/18	14
Annual target	Year 1	2018/19	20
Annual target	Year 2	2019/20	25
Annual target	Year 3	2020/21	30
Annual target	Year 4	2021/22	30
Target	Year 5	2022/23	30

[61] The creation of an enabling environment encompasses the link to the local value chain alliances and secure a dialogue whereby barriers and challenges in the market system identified at local level will be presented to the relevant stakeholders, including at highest level when needed. The mechanism and process for identifying and articulating proposals and recommendations from the VCAs to the relevant stakeholders including the transformation council should be captured in the ACC Initiative project appraisal document

[62] Value Chain Alliances are the cluster coordination groups formed locally around the selected key commodities, with representation of the various stakeholders in the value chain system.

Output 3.2		Strengthen evidence-based planning and MLE	
Output indicator		ICT based ACC planning and M&E system established and functional covering ACC woredas	
Baseline	Year	2019	ACC Planning and M&E System is not ICT based
Annual target	Year 1	2019/20	Designing ICT based ACC Planning and M&E System started
Annual target	Year 2	2020/21	ICT based ACC Planning and M&E System design completed and piloted in eight woredas
Annual target	Year 3	2021/22	ICT based ACC Planning and M&E System scaled up in 40 woredas
Target	Year 4	2022/23	ICT based ACC Planning and M&E System scaled up in all ACC woredas
Output 3.3		Enhanced organizational capacity of SMEs, coops, private sector and public institutions	
Output indicator		Number of SMEs engaged in input provision, agricultural marketing and agro-processing and other agricultural services (Farm machinery maintenance, supply of spare parts, etc.)	
Baseline	Year	2016	1,000
Annual target	Year 1	2018/19	4,500
Annual target	Year 2	2019/20	7,000
Annual target	Year 3	2020/21	8,500
Annual target	Year 4	2021/22	10,000
Target	Year 5	2022/23	10,500

Thematic Programme		**2. Coherence between humanitarian responses and development cooperation**[64]	
Thematic Programme 2 objective		Improved food security and asset creation in rural areas while also contributing to efforts to transform the natural environment and improve nutrition, including in communities hosting refugees.	
Impact Indicator 2.1.1		Average number of months of household food insecurity in PSNP supported communities	
Baseline	Year	2016	2.5 months
Target	Year	2022	2 months
Impact Indicator 2.2.1		Number of households with improved foods security and resilience to climate events in communities hosting refugee - both refugees and members of the host communities.	
Baseline	Year	2016	To be defined
Target	Year	2022	To be defined
Outcome 2.1[65]		Improved effectiveness and scalability of the Government of Ethiopia's rural safety net system.	
Outcome indicator 2.1.1[66]		% of core safety net transfers paid on time	
Baseline	Year	2017	60%
Target	Year	2020	85%
Outcome indicator 2.1.2[67]		% of transitory clients receiving humanitarian food assistance resources within 60 days of identification of need	
Baseline	Year	2017	No data
Target	year	2020	75%
Output 2.1.1[68]		Safety net transfers for food insecure households in rural areas are scaled up and implemented more effectively	
Output indicator[69]		Beneficiaries of social safety net programs	
Baseline	Year	2017	7,900,000 people (of which female: 4,079,000)

[64] Targets for the support to PSNP are only defined up to the end of PSNP 4 in 2020. Targets after that will depend on the formulation of PSNP 5.
65 Project development objective. No 15 page 15 of PAD
66 WB results framework PDO indicator. PAD page 40
67 WB results framework PDO indicator. PAD page 40
68 Project component 1. No 24. PAD page 18
69 WB results framework PDO indicator. PAD page 49

Annual target	Year 1	2018	7,900,000 people (of which female: 4,079,000)
Annual target	Year 2	2019	7,900,000 people (of which female: 4,079,000)
Annual target	Year 3	2020	7,900,000 people (of which female: 4,079,000)
Output 2.1.2[70]		Enhanced access to complementary livelihood services	
Output indicator[71]		Number of PSNP core clients with livelihood business plan financed (cumulative)	
Baseline	Year	2017	No data
Annual target	Year 1	2018	100,000 households
Annual target	Year 2	2019	200,000 households
Annual target	Year 3	2020	300,000 households
Output 2.1.3[72]		Strengthening of systems for the rural productive safety net	
Output indicator[73]		# of PSNP core beneficiaries receiving their cash payments through e-payments	
Baseline	Year	2017	420,000 people
Annual target	Year 1	2018	1,400,000 people
Annual target	Year 2	2019	1,750,000 people
Annual target	Year 3	2020	2,000,000 people
Output 2.1.4[74]		Public works subprojects are planned and carried out in a manner that supports the creation of sustainable community assets and an improved enabling environment for livelihoods	
Output indicator[75]		% of rural safety net public works sub-projects meeting common standards	
Baseline	Year	2017	75%
Annual target	Year 1	2018	75%
Annual target	Year 2	2019	80%
Annual target	Year 3	2020	85%

70 Project component 2. No 31. WB PAD page 20
71 WB results framework PDO indicator.PAD page 49
72 Project component 3. No 32. PAD page 20
73 WB results framework PDO indicator.PAD page 48
74 Project component 1. no. 29. PAD page 19
75 Intermediate result indicator. PAD page no 48

Outcome 2.2[76]		Improved food and nutrition security of refugees and host communities in vulnerable areas, and increased capacity of the Government to respond to climate related risks.	
Outcome indicator 2.2.1		Number of people with improved food and nutrition security - both refugees and members of the host communities	
Baseline	Year	2018	To be determined
Target	Year	2022	To be determined
Outcome indicator 2.2.2		Indicator on GoE capacity to respond to climate change risk in refugee areas. To be determined during final formulation of DED.	
Baseline	Year	Baseline	Year
Target	Year	Target	Year

76 The outcome indicators and the concrete outputs will be defined during the ongoing formulation of the Development Engagement

Thematic Programme title		**Climate Resilient Forest Livelihoods**	
Thematic Programme 3 Objective		Improved and climate resilient livelihoods, while maintaining and enhancing carbon stocks and other ecosystem services and products	
Impact Indicator 3.1		# of households[77] benefiting from the CRFL programme[78]	
Baseline	Year	2018	To be determined during the inception phase
Target	Year	2023[79]	22,849 households report they have benefitted from the CRFL programme's interventions
Outcome 3.1		**Incomes are diversified and increased**	
Outcome indicator 3.1		% increase in incomes derived from forest and non-forest livelihood activities for participatory forest management (PFM) members (disaggregated by gender and youth)	
Baseline	Year	2018	Current economic situation to be determined during the inception phase
Target	Year	2023	25% average income increase for 9,200 households
Output 3.1.1		**Selected PFM members engage in climate resilient and sustainable forest and non-forest production, businesses and practices**	
Output indicator		# of people adopting sustainable and climate resilient livelihood options (disaggregated by gender, youth and ethnicity)[80]	
Baseline	Year	2018	2,000 households have been introduced to climate resilient livelihood options
Annual target	Year 1	2018/19	Clear plan for introduction of most feasible and in-demand climate resilient and sustainable forest and non-forest livelihood options
Annual target	Year 2	2019/20	Current 2,000 households provided additional support to strengthen their capacity and sustain their newly adopted livelihoods 7,200 new households have been introduced to climate resilient livelihood options by CRFL
Annual target	Year 3	2020/21	Enhanced capacity of 9,200 households to engage in sustainable and climate resilient livelihoods options
Annual target	Year 4	2021/22	9,200 households have become nearly self-sufficient with backstopping from government and supported based on need
Target	Year 5	2022/23	9,200 households have adopted climate resilient livelihoods options promoted by CRFL
Outcome 3.2		**Forest resources and ecosystem services are protected/conserved**	
Outcome indicator 3.2		# of ha of forests under sustainable management[81]	
Baseline	Year	2018	34,340.2 ha of natural forest under participatory forest management with additional need for functionality (disaggregated by core, buffer and transition areas)

[77] The average household size in Kaffa is 5.5 people
[78] Impact/core indicator for Danish Climate Envelope
[79] The final year of the results framework is mid 2023 as the reporting follows Ethiopian Fiscal year, which is between 8th July - 7th July.
[80] Outcome/supporting indicator for Danish Climate Envelope (adaptation)
[81] Outcome/supporting indicator for Danish Climate Envelope (mitigation)

Target	Year	2023	44,090.6 ha of natural forest under participatory forest management (disaggregated by core, buffer and transition areas) and fully functional systems in place
Output 3.2.1		**Participatory forest management is in place in Woredas and enforces forest and ecosystem protection**	
Output indicator		# of participatory forest management groups and A/R groups (with youth, women and minorities among members) and cooperatives set up and functional in 7 Woredas (54 Kebeles) in the Kaffa Zone	
Baseline	Year	2018	37 PFM groups established of which 26 are cooperatives/fully functional
Annual target	Year 1	2018/19	Assessment of and plan for how to include youth, women and minorities in PFM and A/R groups
Annual target	Year 2	2019/20	40 PFM groups and 2 A/R established of which 32 are cooperatives
Annual target	Year 3	2020/21	46 PFM groups and 2 A/R established of which 40 are cooperatives
Annual target	Year 4	2021/22	52 PFM groups and 2 A/R established of which 48 are cooperatives
Target	Year 5	2022/23	52 PFM groups and 2 A/R groups established and all 52 are cooperatives and fully functional
Output 3.2.2 (feeds into both Outcome 1 and 2)		**Enhanced capacity of Government from Federal to Zonal level to promote participatory forest management and sustainable and climate resilient livelihoods options for forest communities in the Kaffa Zone**	
Output indicator		The government is able to apply best international PFM practice from federal to Zonal level and is able to independently assess the feasibility of different climate resilient livelihood options (to be promoted?).	
Baseline	Year	2018	To be assessed during inception phase
Annual target	Year 1	2018/19	Capacity and technical gaps identified and plan for technical assistance and capacity development agreed by all partners
Annual target	Year 2	2019/20	Kaffa Zonal Administration has increased capacity to analyse and identify the most feasible climate resilient livelihood options to be promoted. Federal, Regional and Zonal Administration have developed plans for strengthening results-based monitoring and reporting on PFM.
Annual target	Year 3	2020/21	Kaffa Zonal Administration has the capacity to independently analyse and identify the most feasible and appropriate climate resilient livelihood options to be promoted. Federal, Regional and Zonal Administration is carrying out results-based monitoring and reporting on best PFM practices
Annual target	Year 4	2021/22	Kaffa Zonal Administration independently identifies, follow up on, and implement the most feasible and appropriate climate resilient livelihood options. Federal, Regional and Zonal Administration have increased capacity to apply best PFM practice in their interventions. The Federal, Regional and Zonal Administration have developed and are implementing systematic approaches to ensure social inclusion.
Target	Year 5	2022/23	Kaffa Zonal Administration is able to independently plan and implement PFM that is socially inclusive and follows best international practice. Kaffa Zonal Administration is able to independently assess and implement the most feasible and appropriate climate resilient livelihoods to be promoted for forest communities.

Thematic Programme title		**Governance and human rights**	
Thematic Programme 4 Objective		Democratic governance and human rights in Ethiopia further developed through enhancing the capacity of key governance institutions, human rights protection and public participation.	
Impact Indicator		% positive change in Voice and Accountability (V&A) and Government Effectiveness (GE) ratings according to WB WGI[82]	
Baseline	Year	2016	V&A = -1,45 GE = -0,65
Target	Year	2021	15% improvement on V&A and GE

Development Engagement 5: Support to the Governance and Democratic Participation Programme (GDPP)			
Outcome 5.1		Political processes of federal and regional state legislative bodies are more inclusive and effectively delivering on their constitutional mandates	
Outcome indicator		Extent to which Parliament takes specific actions as a result of public demands and/or civil society input.	
Baseline	Year	2018	Inadequate
Target	Year	2021	To be defined
Outcome 5.2		Federal and regional state systems of governance are more accountable, transparent and are delivering public services in more inclusive and responsive ways	
Outcome indicator		Presence of a national anti-corruption strategy targeting high risk sectors and its full implementation	
Baseline	Year	2018	No anti-corruption strategy exists
Target	Year	2021	Strategy exists and is fully implemented

Development Engagement 6: Support to Preventing Violence Against Women and Girls and Ethiopian Gender Responsive Democratic Participation Programmes	
Outcome 6.1	Stigma of GBV survivors is reduced, and women are supported to report violence
Outcome indicator	Percentage of women and girls who have experienced violence who seek help to stop the violence

82 World Bank World Governance Indicators. 2016 data latest available for baseline.

Baseline	Year	2018	23%
Target	Year	2021	28%
Output 6.1.1		Increased capacity of traditional and religious leaders	
Output indicator		Number of religious and traditional leaders trained in EVAWG and on women's rights promotin	
Baseline	Year	2018	1000
Target	Year 4	2021	3000
Output 6.1.2		Educational curricula and programmes addressing gender equality and VAWG are developed and integrated into formal and non-formal education	
Output indicator		Increased number of VAWG (including sexual harassment) cases reported by students and schools	
Baseline	Year	2018	TBD (Data will be gathered from different universities through the gender office of Addis Ababa University once summer break has concluded. Data should be available by end 2018
Target	Year	2021	TBD
Outcome 6.2	Increased representation of women in senior leadership and decision-making roles		
Outcome indicator	Percentage of women in higher level management in targeted regions		
Baseline	Year	2018	TBD
Target	Year	2018	TBD
Output 6.2.1		Increased technical capacity of women to compete for both elective and appointive leadership positions within national and regional government.	
Output indicator		% increase in the skill/knowledge of women leaders at middle and lower level leadership positions who takes part in capacity building trainings	
Baseline	Year	2018	0
Target	Year 4	2021	70%

Output 6.2.2		A network of women leaders across all sectors and walks of life is established and strengthened.	
Output indicator 6.2.2a		Number of women in network in senior leadership positions	
Baseline	Year	2018	0
Target	Year 4	2021	10
Output indicator 6.2.2b		Frequency of network meetings	
Baseline	Year	2018	0
Target	Year 4	2021	Quarterly

12 Annex 4 Budget

	Budget in DKK million
Thematic Programme 1: Agricultural commercialisation [83]	
Development engagement 1 **Engagement objective:** Market-driven value chain development for the benefit of small holder farmers through an inclusive and environmentally sustainable approach	
Outcome 1.1 Increased sustainable and market-driven agricultural production and productivity	
Outcome 1.2 Improved value addition and access to domestic and international market	350
Outcome 1.3 Improved institutional capacity and enabling environment for commercialisation	
Contingencies (normally not exceeding 5 % of the above)	
Subtotal Thematic Programme 1 - Development engagement 1	**350.0**
Thematic Programme 2: Coherence between humanitarian responses and development cooperation	
Development engagement 2 **Engagement objective**: Improved food security and asset creation in rural areas while also contributing to efforts to transform the natural environment and improve nutrition.	
Outcome 2.1. Safety net transfers for food insecure households in rural areas functioning	
Outcome 2.2. Access to complementary livelihood services has been enhanced	300.0
Outcome 2.3. Systems for the rural productive safety net have been strengthened	
Development engagement 3 (to be formulated in detail and appraised in early 2019)	150
Contingencies (normally not exceeding 5 % of the above)	0.0
Sub-total Thematic Programme 2	**450.0**
Thematic Programme 3: Climate Resilient Forest Livelihoods	

83 The distribution of the Danish support is indicative only, as the support will be provided as core funding.

	Budget in DKK million
Development engagement 4 **Engagement objective**: Improved and climate resilient livelihoods, while maintaining and enhancing carbon stocks and other ecosystem services and products	
Outcome 3.1. Forest resources and ecosystem services are conserved	22.0
Outcome 3.2. Forest resources and ecosystem services are protected/conserved	9.0
Enhanced capacity of the Government (incl. social inclusion adviser)	11.5
Program management and operations (MoFEC + MEFCC)	1.0
Reviews, communication, exposure (managed by the Danish Embassy)	1.5
Sub-total Thematic Programme 3 – Development engagement 4	**45.0**
Thematic Programme 4: Governance and Human Rights	
Development engagement 5 **Engagement objective**: Democratic good governance in Ethiopia through enhancing the capacity of the public sector and public participation	
Outcome 4.1. Transparency, accountability and integrity systems at all levels of government promoted and strengthened	20.0
Outcome 4.2. Human rights promoted and protected across Ethiopian society	
Development engagement 6. UN Women	
Outcome 5.1: Stigma of GBV survivors is reduced and women are supported to report violence	12.0
Outcome 5. 2: Increased representation of women in senior leadership and decision-making roles	8.0
Contingencies (normally not exceeding 5 % of the above)	0.0
Sub-total Thematic Programme 4 – Development engagement 5	**40.0**
Unallocated funds	90.0
Programme management	20.0

	Budget in DKK million
Communication of results	*2.0*
Monitoring and evaluation of the programme, including international monitoring consultants	*7.0*
Linking with Danish knowledge base (Agricultural Commercialization Clusters and Climate Resilient Forestry Livelihoods)	*5.0*
Reviews, audit and studies.	*6.0*
Grand total	**995.0**

	2018	2019	2020	2021	2022	2023	Total
		Million DKK					
Engagement 1: ATA-ACC	**275**	**231**	**275**	**275**	**275**	**275**	
- Denmark	0	43.5	87.5	87.5	87.5	43.5	350
- Partners	76.2	76.2	76.2	0	0	0	228.6
- Others	198.8	155.3	111.3	187.5	187.5	231.5	796.4
Engagement 2: PSNP	**4,228.2**	**3,541.7**	**4,112.8**	**20.0**	**20.0**		**11,922.7**
- Denmark	50.0	75.0	75.0	75.0	25.0		300,0
- Partners	555.1	1,.260.3	1,356.9	To be defined during planning of PSNP 5			3,172.3
- Others	3,955.9	2,.351.5	2,159.5				8,466.8
Engagement 3: WFP	**11.5**	**46.5**	**46.5**	**50.5**	**51.5**		**207.5**
- Denmark	0.0	35.0	35.0	40.0	40.0		150.0
- Partners							
- Others (Sweden)	25.2	21.6	10.0	7.0	0.0		63.8
Engagement 4: CRFL	**4.0**	**11.0**	**11.0**	**9.4**	**9.6**		**45.0**
- Denmark	3.3	10.4	11.9	9.9	9.5		45.0
- Partners							
- Others							
Engagement 5: UNDP/GDPP	**0.0**	**38.5**	**39.2**	**37.9**	**0.0**		**115.6**
- Denmark	0.0	6.6	7.2	6.2	0.0		20.0
- Partners							

- Others		31.9	31.9	31.8	0.0		95.6
Development engagement 6. UN Women							
- Denmark		6.0	6.0	6.0	2.0		20.0
- Partners							
- Others(Sweden, Norway, Ireland)		29.6	39.4	21.3	6,5		96,8
Unallocated funds	**0.0**	**15.0**	**25.0**	**25.0**	**20.0**		**90.0**
Programme management	**0.0**	**5.0**	**5.0**	**5.0**	**5.0**		**20.0**

Note: Exchange rate used: 1 USD = 6.53 DKK.

13 Annex 5. Risk management matrix

13.1 Contextual risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Increasing conflict level and inability of the Government to address it and enforce rule of law in a timely manner, leading to state fragility.	Likely	Major	The programme is in itself part of the risk response, aiming at improving livelihoods and reducing poverty in the rural areas, and at the same time improving governance. Through the established Government-Donor dialogue, Denmark will advocate for dialogue, democratisation and peaceful solutions. A severe deterioration in the political climate will require reassessment of Danish support. This will be done following a situation analysis and dialogue with other donors and the government.	Delayed achievement of targeted results of ACC, CRFL, PSNP & Resilience thematic programmes. No or limited civic society engagement.	Ethnic, social and political tensions is a dangerous mix. The risk is already happening but currently very difficult to assess its continuity due to the on going changes in the ruling party and government, but the prevailing opinion is that the status quo will be maintained or possibly improved.
Changes in political power leads to changing priorities, making the programme less relevant	Unlikely	Minor	The changes would most likely be to the institutional framework rather than to the content of the programme. The risk response would therefore be flexibility in how the aid is provided, but maintaining the main objectives.	Minor	The priorities on which the programme is based are not likely to change much: improving the productivity and market access for small farmers, safety net for the poor and conservation of forests. The Governance thematic programme is the one most likely to be affected by changing priorities, but it could be both negatively and positively.
Population growth and increased demand for land is putting an ever-increasing pressure on land and forest resources and lead to further	Likely	Major	The programmes will include elements of awareness raising on the negative impact of large family sizes and the need for family planning.	The risk will is still be there, at least in the short to medium term.	Ethiopia is still experiencing a 2.5% annual population growth rate, which is one of the root causes for land fragmentation, overuse of the resources and deforestation. Family planning is very weak.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
environmental degradation.					
Lack of enforcement by the police and legal systems, when participatory forest management groups report illegal activities could affect the long-term commitment of communities to sustainable forest management.	Likely	Major	The coupling of participatory forest management with forest based income-generating activities will help to motivate communities to engage in the management of their forests. The Danish Embassy and the programme team will engage in dialogue with government and decision-makers at federal and sub-national levels regarding enforcement.	The lack of enforcement will remain a risk, over which the programme has little direct influence. However, the risk of losing interest in participatory forest management will be reduced significantly through ensuring that the communities get direct livelihoods benefits from engaging.	The legal framework for forest and environmental protection is generally in place in Ethiopia, but implementation and enforcement is lagging behind.
Repeated drought events and increased flow of refugees from neighbouring countries due to conflicts, which can potentially overwhelm the capacity to respond.	Likely	Major	Support the Government in the search for supplementary humanitarian aid funding, when needed,	The risk remains, but will have to be accepted.	The capacity of the national and international structures to the need for humanitarian assistance varies, depending on many factors (other events, donor fatigue etc.).

13.2 Programmatic risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
1. Agricultural Commercialisation					
The management of sub-grants is not strengthened and there is mismanagement of the facility	Unlikely	High	The review of the present sub-grant management guidelines will be one of the tasks for the institutional audit to be carried out as part of the preparations for the shift to core funding. It will also include safeguards against negative social and environmental consequences.	Both ATA and the Danish Embassy are aware of the challenge and it will be monitored by all parties.	It has already earlier been acknowledged that the grant management function needs to be strengthened to ensure that there are clear rules of the game, and sufficient monitoring and follow-up
Contract farming entails a risk of bringing the farms into a monopolistic relationship to the buyer.	Unlikely	Medium	There are several mitigating measures taken by ATA, among these the separation of the buyer from the credit and the promotion of farmer cooperatives to link up to the buyers. It must be monitored that farmers are not pushed into ill-fated contractual relationships.	Given the existence of the Value Chain Alliances, there is a good opportunity for the farmers to present any grievances to ATA and other key stakeholders.	The promotion of contract farming has an important potential and is one of the ATA strategies to aggregate the supply of many small-scale farmers and increase the quality.
Promotion of agricultural input use, which is not environmentally responsible	Likely	Medium	The first phase of Danish support to ATA under GATE has been specifically targeted to the "greening agenda", and has produced some results, e.g. the adaptation of the fertilizer formula. ATA already has policies in place for securing environmentally sound practice, but it must be closely monitored.	The need to maintain the "greening agenda" will be an important issue in the dialogue with ATA.	The promotion of the use of quality inputs (certified seeds, fertilizers formulated specifically for the local soil conditions, pesticides combined with Integrated Pest Management (IPM) training etc.) is part of the ATA strategy, but is not without environmental risks, particularly if the IPM training is not done properly.
There is a risk of institutional rivalry given that ATA oversees the implementation of the work of Line Ministries in	Unlikely	High	ATA sees a high level of political commitment, with a reporting line straight to the Prime Minister, and all	Should there be a political change in terms of the political commitment to ATA, fast	ATA is an independent agency which is not under the Ministry of Agriculture as the leading sector institution, but has rather been elevated

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
areas that would normally be their core mandate while at the same time being well-endowed in terms of resources and staffing			relevant Line Ministers are represented in the Agricultural Transformation Council.	response and dialogue will be needed.	to report to the Agricultural Transformation Council and the Prime Minister.
ATA risks becoming overstretched with the fast expansion, both thematically and geographically. By the same token there is a risk that ATA may to an increasing degree become an implementer rather than the coordinator.	Likely	High	ATA and the development partners must during the bi-annual dialogue forums assess and ensure that ATA remains able to implement agreed plans. And in turn, monitor and ensure that ATAs role as only implementing interim interventions without an institutional home is not overstepped, and that other partners are engaged and facilitated to the greatest extent possible.	Considered minor, given the strong management set-up of ATA, but should be continuously monitored. Moreover, ATA has revised its PAD and reduced the number of value chains, clusters and woredas with which it seeks to engage.	ATA has seen a fast expansion in the areas of work. While ATA was not initially foreseen to be an implementing agency, there seem to be many interventions for which ATA is the direct implementer – due to the interventions being classify as without a national institutional ownership.
The very diverse donor landscape, and associated reporting requirements etc., undermines implementation and financial transparency.	Unlikely	High	Setting up of the multi-donor facility, with a view to minimising ATAs resources spent on donor management, and increased transparency.	If ATA and the development partners do not succeed in setting up a more harmonised framework for implementation and coordination, it may be very difficult to account for the funding spent in a transparent manner, leading to a higher fiduciary risk.	Attempts have been made to bring together the donors in a more concerted effort, but have until now not been successful. Given the many and different donor modalities and requirements it is reasonable for ATA and the development partners to strive for a more effective and transparent cooperation structure.
Given the larger scale investment projects that ATA is a part of facilitating, there is a risk of infringement of land use rights.	Unlikely	Medium	In the sub-grant management there will be safeguards introduced with a mechanism for assessing potential negative social and environmental consequences. The institutional audit will	From the side of the Embassy it must be monitored that the due diligence procedures to assess negative social and environmental consequences	Although ATA may not be directly responsible for the investment, the association with other actors, for example by doing the work of securing the input supply chain, a case of infringement of land use rights may still put ATA in a controversial position.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
			assess the current framework for this and provide possible recommendations.	are in place, and in turn implemented.	
2. Coherence between humanitarian responses and development cooperation					
The integration of PSNP with the humanitarian aid may be blocked by institutional rivalry.	Likely	Minor	Denmark will together with other development partners actively promote the integration in the ongoing dialogue with the Government.	No guarantee that it will work as the institutional interest are quite strong.	The integration of PSNP with the humanitarian aid is a reform that requires cooperation across a range of ministries and DPs, which has proved problematic in the past.
Fiduciary risk, particularly in the food management system and the Afar Region.	Likely	Major	Closely monitored and addressed by the World Bank and the Donor Working Group at various level.	Is considered to be minor as the PSNP is a very important programme to the Government.	
Environmental and social risks related to the Public Works	Likely	Minor	Strengthening the existing Environmental and Social Monitoring Framework that will continue to be monitored by both Government and World Bank staff.	Considered to be minor as the public works are generally small and very local.	Experience with environmental and social safeguards has been satisfactory in the highlands areas. However, in Afar and Somali regions, monitoring and reporting have fallen short of the required standards, leading to some concerns about safeguards performance.
Conflicts between the refugees and the host communities, exacerbated in case of increased refugee flows or droughts affecting the host communities.	Likely	Major	Involving local governments and target groups through participatory approaches to design and implementation all through the programme. Ensure that the hosting communities also benefit from the programme,	The risk remains, but will have to be accepted.	Tensions are acknowledged to exist in the areas where the major refugee camps are located and can easily flare up.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Insufficient support from the stakeholders for the WFP programme.	Unlikely	Medium	Maintaining an approach where all the partners (Communities, Government, NGOs) are involved.	Low	The risk is considered to be low, as there is a strong willingness from the government's side to see initiatives like this succeed.
Lack of sustainability of the interventions	Likely	Major	Scale-up plans will be developed over the lifespan of the engagement.	Moderate	Building resilience in poor and vulnerable communities is a long process. The Government acknowledges the impact of climate and the need to find alternative solutions and livelihoods
3. Climate Resilient Forest Livelihoods					
Delays caused by slow Government procurement and disbursement processes.	Likely	Major	The establishment of a dedicated programme team with Government at the zonal level and inclusion of the SNNPR Regional Government in the programme, and the establishment of the Forest Sector Transformation Unit will help strengthening the administrative and technical capacity at sub-national and federal levels, respectively. Moreover, the programme will use existing government systems and be fully aligned with Government procedures.	Government procurement process will remain slow, but the use of the existing structure and procedures, combined with a dedicated programme team will help moving procurement through the system.	The support for the CRGE Facility under GATE experienced significant delays in relation to procurement and reporting, partly because the setup and fund and reporting flows deviated from normal Government procedures and did not adequately involve the regional government.
Absorption capacity in the Kaffa Zone is insufficient to handle a five-fold increase in the funding provide compared to previous Danish support.	Unlikely	Major	The programme will specifically aim at enhancing Government capacity at the zonal and local levels. The new programme will cover additional woredas and kebeles, so more Government staff will be engaged in the new programme. The establishment of a dedicated programme team with Government at the zonal level and inclusion of the SNNPR Regional Government in the	The risk will be significantly reduced through a) the capacity development and b) technical assistance	Implementation at the zonal level of the support under GATE for forest management under CRGE, appears to have moved well (but no reviews have been conducted to confirm this), but local government is facing significant capacity constraints, and a five-fold increase in the support is significant.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
			programme, and the establishment of the Forest Sector Transformation Unit will help to strengthen the administrative and technical capacity at sub-national and federal levels, respectively.		
Some of the livelihoods and reforestation options promoted are not environmentally, socially or economically sustainable/appropriate	Likely	Major	During the inception phase, the environmental, social and economical aspects of different livelihoods and reforestation options will be assessed technically and through community consultations. Only options, which are appropriate and sustainable in all three dimensions will be promoted. Non-indigenous species will not be introduced in forested areas.	The risk of promoting inappropriate solutions will be significantly through the combination of rigorous technical analysis and community-inclusion in the decision-making.	Implementation at the zonal level of the support under GATE for forest management under CRGE did not conduct a comprehensive analysis, and as a result some livelihoods options (e.g. mushroom production) promoted appear not to have been financially appropriate due to high costs and limited market potential. Moreover, some of the tree species planted were not indigenous but reportedly these were only planted in the transition zones, where there is no indigenous forest – however, thee monitoring of risks associated with introducing non-indigenous species appears to have been limited.
Lack of data on the social fabric of communities and on the special conditions of women and youth poses a risk of not adequately including marginalised groups, resettled households, women, and youth.	Likely	Minor	Collecting of data through community surveys and baselines will contribute to mitigating the risk in relation to these groups. The assessments and data collection (e.g. through community surveys) during the inspection phase, the recruitment of a social inclusion adviser at MEFCC, technical capacity development, and external monitoring will all contribute to minimising the risk of exclusion.	The risk will be reduced significantly by the generation of data, awareness raising, monitoring, and specific attention paid to ensuring inclusion.	The population structure in the Kaffa Biosphere Reserve is complex, with different ethnic groups, incl. indigenous peoples (Kaefecho), historically marginalised forest dwellers (Manjo), and settlers/resettled households from other parts of Ethiopia. Women and men have different livelihoods strategies (forest and non-forest) and priorities, and traditionally decision-making has been dominated by men. Similarly, the influence of youth on decision-making is traditionally limited, and their livelihoods strategies can also differ.

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
High staff turnover at all levels of government leads to loss of capacitated staff.	Likely	Major	The Programme Management Unit will provide stability for core technical staff and ensure availability of technical support for any incoming staff.	Minor	The prior phase of the programme was marked by delays caused inter alia by turnover. This lesson has been incorporated into the new engagement.
Implementing partners are unable to maintain momentum and ensure sustainability after programme completion due to financial constraints.	Likely	Major	A sustainability strategy and gradual phase out will help mitigate this risk. Moreover, it is likely that further donor-funding will be mobilised for the environmentally important Kaffa Biosphere Reserve, e.g. from Denmark, REDD+/Norway or multilateral climate funding mechanisms.	The risk will remain significant, as sustained change in relation to rural development and environmental protection generally is a process that takes significantly longer than a 5-year programme. However, the programme should not be seen in isolation, as there is scope for attracting further donor support for the Kaffa Biosphere Reserve.	The Government's domestic revenue is insufficient to cover all the needs of the country and the full implementation of all policies.
4. Governance and Human Rights					
GoE partners lack capacity to implement agreed activities and programme progress is thus less strong than expected	Likely	Major	Capacity development support included in GDPP based on assessment of capacity limitations. Monitoring by PMU of implementation & tailoring of delivery (via annual work plan) to assessment of possibly shortfalls. Regular dialogue and joint planning with GoE partners. UNDP to use direct implementation where necessary.	Long term risks reduced, although it may not be possible to avoid some knock-on effects for speed (and possibly also extent) of implementation. UNDP/partners to focus on priority inputs	Institutional capacity is affected also by political will for reform and this may vary according to the area concerned. High staff turnover will further impact negatively on absorption capacity. Shortfalls in this area are foreseen by the mix of national and direct implementation modality.
UNDP/GoE relationship deteriorates leading to inability to pursue the	Unlikely	Significant	UNDP to maintain close dialogue and joint planning with GoE partners in and out of programme management	Provided GoE maintains the reform focus (in the GTP II), existing programme	The GoE reform process in the GTP II provides the basis for the GDPP but this could

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Governance programme objectives			structures. UNDP to apply senior management support if necessary.	management processes should be sufficient.	change (positively or negatively) depending upon the political development.
Implementation is not inclusive as intended (i.e. less involvement of civil society, less outreach to citizens)	Likely	Major	Ensure that funds are available and allocated for CSO engagement. Ensure that CSO engagement is prioritised in policy and strategies. Maintain dialogue with GoE on importance of inclusion and value added from CSOs. Carefully calibrate CSO inclusion to political appetite and promote CSOs that can demonstrate capacity and willingness to work with GoE. Possible involvement of DIHR can be used to strengthen the programme response here.	The risk is likely to remain at least in the short term.	Limited capacity amongst CSOs, particularly outside of Adds Ababa. Political climate has not been conducive to extensive engagement, especially on human rights/transparency issues. Whether this changes will depend upon the new Prime Minister and nature of the reform agenda.
Limited capacity of UN Women's partner CSO's to manage funds effectively	Likely	Major	Financial capacity building should be provided for CSO's with limited financial capacity. Financial monitoring of partners and requirements in accordance with UN Women procedures	Minor. The possible capacity gap will be addressed as part of the cooperation between UN Women and partners.	Due to the restrictions on CSO's work and funding, most HR organisations have very limited organisation setups and have had to rely on volunteer staff.
Harmful social norms and attitudes are so entrenched and resistant to change that planned activities fail to reduce stigma of GBV	Likely	Major	Rigourous baselining to understand the attitudes and drivers of GBV in targeted regions. Continuous monitoring of assumptions and progress, in order to be able to adapt activities	Minor: The programme is developed as to address the harmful social norms, i.a by outreach to political leaders and parties.	Harmful social norms and attitudes are prevalent in Ethiopia, with differences between regions. Research and comprehensive statistics on the different norms and practices still needs be further developed.

13.3 Institutional risks

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
Programme funds misused or diverted to other use by Government partners (Fiduciary and reputational risk for Denmark)	Unlikely	Significant	In general: zero tolerance for corruption/fraud. All institutions receiving funds from the programme are audited by the General Auditor's Office and in all programmes; there is a very close scrutiny of the use of funds. According to the agreements signed, external audits can be ordered by the Danish Embassy if so deemed necessary.	Limited but cannot be excluded.	ATA has a very rigorous setup and the Danish Funds have been externally audited. PSNP is followed very closely by the World Bank,. The CRFL programme will be audited by an external auditor contracted by the Danish Embassy. For the Governance Programme the majority of GDPP funds are held and managed by UNDP. The funds available for disbursement by GoE partners are overseen by UNDP, based on a fiduciary assessment by UNDP, subject to rules and procedures, and are relatively small.
For the Governance Programme: Risk of inadvertently causing harm (Reputational risk for Denmark)	Unlikely	Major	Risk assessments undertaken. Capacity building provided to raise awareness. Prioritise transparency and accountability. Encourage regional approaches and information flow.	Limited but cannot be excluded	The risks here primarily concern the human rights support (ENRC) ignoring ethnic and/or vulnerable group concerns and thereby exacerbating existing inequalities and/or group tensions.
Support to GoE institutions by Denmark leads to reputational damage due to GoE poor human rights record	Unlikely	Minor	Ensure transparency of Danish support and joint nature with like-minded donors (as part of communication strategy). Reconsider or adjust support if human rights situation does not improve. Promote independence of EHRC.	Limited but cannot be excluded	GoE has been severely criticised by human rights defenders due to abuses by security forces, impunity and weak access to justice, especially in relation to recent disturbances. GoE aspirations in relation to UPR etc. and human rights policy are not reflected in reality. The EHRC remains at Cat B NHRI due to lack of independence and weak reporting. However, these are areas that will be strengthened through the programme, alongside its outreach and complaints management. Nonetheless, Denmark could face criticism for supporting

Risk Factor	Likelihood	Impact	Risk response	Residual risk	Background to assessment
					GoE institutions that are not seen to be operating effectively to safeguard individual civil and political rights. This risk appears to be diminishing with the new PM. The envisaged involvement of DIHR needs also to bear these aspects in mind (possibly reputational risk also for DIHR).

14 Annex 6. List of supplementary material

The materials used are listed in Annex 1. The main documents used, apart from the partner documentation, are the following:

1. Donnenfeld, Z et al. (2017). "Ethiopia Development Trends Assessment". Institute of Security Studies and Frederick S. Pardee Center. Source (aug 9, 2017):
2. FDRE: Ethiopia, Demographic and Health Survey 2016, Central Statistical Agency Addis Ababa, Ethiopia
3. Golden Era of Growth Fails to Mask Deeper Grievances In Ethiopia. Written by Hannah Blyth for Fragile States Index
4. IMF: The Federal Democratic Republic of Ethiopia. Staff report for the 2016 Article IV consultation-debt sustainability analysis. International Monetary Fund (IMF) and the International Development Association (IDA)
5. The Sustainable Development Goals Report. United Nations, UN 2017
6. Doing Business 2017 – Equal opportunity for all. Economy profile, Ethiopia. World Bank, 14th edition
7. Desta, T (2013) The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia. Second Assessment Report. Center on global counterterrosism Cooperation (CGCC).
8. ESAAM (2015) Mutual Evaluation Report: Anti-Money Laundering and Combating the Financing of Terrorism. Eastern and Southern Africa Anti-Money Laundering Group and Federal Democratic Republic of Ethiopia.
9. The Indigenous World 2017, IWGIA 2017
10. The 2017 Voluntary National Reviews on SDGs of Ethiopia: Government Commitments, National Ownership and Performance Trends, GoE/National Plan Commission, June 2017
11. National Assessment: Ethiopia - Gender Equality , Helina Beyene, WISAT/SIDA, 2015
12. World Economic Forum. "Global Competitiveness Index 2014-15."
13. The Federal Democratic Republic of Ethiopia Central Statistical Agency (CSA). "2013 National Labor Force Survey,"
14. Preliminary Gender Profile of Ethiopia, UN Women, November 2014
15. UN General Assembly: Human Rights Council, Report of the Working Group on the Universal Periodic Review, Ethiopia, July 2014
16. Human Rights Watch World Report 2018
17. Belay Zerga: Land Resource, Uses, and Ownership in Ethiopia: Past, Present and Future. International Journal of Scientific Research & Engineering Trends. January 2016.
18. Mesfin Tilahun: Land Distribution in Northern Ethiopia From 1998 to 2016: Gender-disaggregated, Spatial and Intertemporal Variation. Presented to World Bank Conference on Land & Poverty 2017.
19. World Bank: Overcoming constraints in the manufacturing sector. July 8, 2015
20. African Development Bank: African Economic Outlook 2018.
21. Neil Balchin, Stephen Gelb, Jane Kennan, Hope Martin, Dirk Willem te Velde, Carolin Williams: Developing Export-Based Manufacturing in Sub-Saharan Africa. SET. 2016
22. Global Compact: Ethiopia. Ending Hunger & Undernutrition. Challenges & Opportunities. 2016

23. FAO: Ethiopia. Drought response plan and priorities in 2017.
24. UN Women: Preliminary Gender Profile of Ethiopia. 2014.
25. Erwin van Veen. Perpetuating power. Ethiopia's political settlement and the organisation of security. Netherlands Institute for International Relations 2016.
26. IOM: SLO Ethiopia. May 2017.
27. IGAD: Human Trafficking and Smuggling on the Horn of Africa-Central Mediterranean Route. February 2016

Annex 7. Communication strategy

The Embassy's overall communication goal for the Country Programme is to increase awareness of Denmark's development cooperation with and in Ethiopia.

The implementation of the communication strategy will be anchored in the Embassy's Public Diplomacy and Communications team and integrated into the Embassy's overall communication strategy and planning. There will in this regard be customised communication initiatives targeting:

1) An Ethiopian audience, divided into a target group for policy makers/influencers (government, donors, UN, NGOs) and the Ethiopian public focusing on communicating specific programme results and impacts for Ethiopia;
2) A Danish audience focusing on communicating results and impact on how Danish development cooperation in Ethiopia supports national Danish development policy.

The Country Programme has set aside a budget of DKK 2 million for communication as part of the programme management.

Communication framework

The point of departure for all communication initiatives will be to communicate key political and programmatic priorities, programme results and impacts. As the Country Programme is designed to contribute to the achievement of the Sustainable Development Goals (SDGs) and in support of the implementation of the Danish strategy for development cooperation, "The World 2030", these policy frameworks will guide the communication efforts.

Selected SDGs that the programme seeks to support are: SDG 1: No Poverty, SDG 5: Gender Equality and Women's Empowerment, SDG 8: Decent Work and Economic Growth, SDG 13: Climate Action, and SDG 16: Peace and Justice, Strong Institutions. These selected SDGs will combined with a cross-cutting focus on engagement of youth and the promotion of rights of women and girls constitute the priority focus for the communication strategy.

Focus on results and impact

The primary communication objective is to communicate the concrete results achieved while implementing the Country Programme and thereby underlining the impact of Danish development cooperation. Through regular dialogue with implementing partners on the results framework, a consistent data overview of progress and results will be available for communications efforts and policy dialogue with the Ethiopian government and Ministry of Foreign Affairs in Copenhagen.

Based on consistent data and stocktaking of results, initiatives focusing on creating public awareness about Danish development cooperation in Ethiopia should be undertaken. In order to make complicated impact policies easy accessible and understandable, the Embassy could make use of cases and/or case persons to exemplify programme objectives, impacts and results. One idea, to be further developed, could be to identify beneficiaries of the programmes, and follow them across the implementation period of the Country Programme. Use of visual communication (e.g. pictures, videos, infographics) and social media will be used as the main method of communication due to its broad reach to target groups.

As a supplement to the social media platforms, the Embassy will also make use of more conventional communication platforms such as press releases, the webpage, workshops, public meetings, seminars, events, exhibitions and proactive outreach to journalists on a case by case basis.

It is to be considered to contract parts of the communication strategy to external journalists, photographers, visual communicators, both from Ethiopian and Danish media in terms of concrete communication initiatives and creation of case stories.

Communicating about the thematic programmes

All communication efforts regarding the four thematic programmes will first and foremost serve to elaborate on the contribution of the Country Programme to the achievement of the SDGs and "The World 2030". Key thematic communication messages to considered should be:

Agricultural Commercialisation Clusters (ATA)	**Key thematic communication message:** Denmark supports agricultural commercialisation clusters through stimulating inclusive and environmentally responsible, market-driven value chain development benefitting smallholder farmers, including youth and women, in terms of increased income and better sustainable livelihood.
Coherence between humanitarian responses and development cooperation	**Key thematic communication message:** Denmark supports reduction of food insecurity and enhanced resilience amongst rural populations and refuges in their host communities.
Productive Safety Net and Resilience **(**World Bank / PSNP)	Denmark actively supports joint donor mechanisms to reduce vulnerability and chronic food insecurity.
Sustainable Livelihoods and Food Security Programme for Refugee and Host Populations in Ethiopia (World Food Programme)	Denmark supports the roll-out of the CRRF in Ethiopia by supporting refugees where they are and easening the pressure on their hosting communities.
Climate Resilient Forest Livelihoods (Regional Government, Southern Nations, Nationalities and People's Region / Ministry of Environment /Ministry of Finance)	**Key thematic communication message:** Denmark aims to improve livelihood opportunities and climate change resilience through involving local communities in sustainable forest management and protection. Denmark aims to reduce carbon emissions from forests due to improved forest conservation.
Governance and human rights	**Key thematic communication message:** Denmark promotes and supports strengthened transparency, accountability and integrity systems at all levels of government as well as promotion and protection of human rights.
Governance (UNDP / Human Rights and Anti-Corruption Commissions)	Denmark supports enhancement of key government institutions and building of capacity to equitable, efficient, accountable, participatory and gender responsive development.
Ensuring Gender Responsive Democratization and Preventing Violence against Women and Girls (UN Women/ Ministry of Women and Children's Affairs/Regional Governments/AWSAT and other CSOs)	Denmark supports prevention of violence against women and girls and work to ensure a gender-responsive democratization process in Ethiopia.

15 Annex 8. Process Action Plan for implementation and remaining quality assurance process

Activity/Output	Date	Responsible
Overall Programme		
Presentation of Country Policy Paper to Council for Development Policy	February 2018	Danish Embassy
Submission of documentation to Council for Development Policy	October 11th 2018	Danish Embassy
Presentation to Council for Development Policy	October 30th, 2018	Danish Embassy
Approval by Minister for Development	November 2018	Danish Embassy
Preparation of Government to Government agreement	October 2018	Danish Embassy
Final revision of the DEDs with the partners	November 2018	Danish Embassy
Signing of Government to Government agreement	November 2018	Danish Embassy - MoFEC
Signing of agreement with World Bank on PSNP	November 2018	Danish Embassy – World Bank
Signing of DED with ATA	November 2018	Danish Embassy – ATA
Signing of DED on CRLF with Government of Southern Nations, Nationalities, and Peoples' Region, MEFCC and CRGE/MoFEC.	November 2018	Danish Embassy and partners
Signing of DED with UNDP	January 2019	Danish Embassy - UNDP
Signing of DED with UN Women, pending appraisal	January 2019	Danish Embassy – UN Women
Signing of DED with WFP, pending appraisal	March 2019	Danish Embassy – WFP
Start of Programme	November 2018	Danish Embassy - Partners

Activity/Output	Date	Responsible
Mid-term review of Country Programme	Second half of 2020	TQS and Danish Embassy
TP 1: Agricultural Commercialisation Cluster		
Completion of institutional audit	October-November 2018	Consultant
Explore the interest of the Netherlands, BGMF, Norway and other possible DPs to set up a common donor programming and financing mechanism	Ongoing	Danish Embassy
Procurement of study to identify lessons learned from the support to ATA through the GATE programme	December 2018	Danish Embassy and ATA
Study of lessons learned	February-March 2019	Danish Embassy and ATA
Inception phase	January-June 2019	ATA and Danish Embassy
Inception Review ACC	July 2019	TQS
TP 2: Coherence between humanitarian responses and development cooperation		
PSNP 4: *No further action needed*		
PSNP: Programming of PSNP 5	2019-2020	GoE, World Bank, Development partners
PSNP: Appraisal of PSNP 5	2020	World Bank
WFP: Programming of expansion of current Swedish funded programme	Ongoing. Expected finalisation November 2018	WFP

Activity/Output	Date	Responsible
WFP: Elaboration of development engagement document	December 2018	Danish Embassy and WFP
WFP: TQS led appraisal	January-February 2019 (pending availability of TQS)	TQS, Danish Embassy and Swedish Embassy
TP 3: Climate Resilient Forest Livelihood		
Procurement of International Technical Assistance for CRFL	Expected to be concluded December 2018-January 2019	Danish Embassy
Procurement of national social inclusion adviser	November 2019	GGGI, CRGE and Danish Embassy
Inception Phase CRFL	January – June 2019	CRFL team and Danish Embassy
Inception Review CRFL	July 2019	TQS
TP 4: Governance and Human Rights		
UNDP: No further action needed		
UN Women: Formulation of engagement	September 2019	Danish Embassy and formulation consultant
UN Women: Finalisation of development engagement document	November 2019	Danish Embassy and UN Women
UN Women: : External appraisal of development engagement	November-December 2019	Danish Embassy
UN Women: Mid-term review of EVAWG programme	Mid 2019	UN Women
UN Women: Mid-term review of WIL programme	Mid 2020	UN Women

16 Annex 9. Summary of appraisal recommendations and embassy responses

Title of Country Programme	**Ethiopia Country Programme (2018-2022)**
File number/F2 reference	**2018-17832**
Appraisal report date	**Draft 20 August 2018, Final version 10 September 2018**
Council for Development Policy meeting date	**October 30th 2018**
Summary of possible recommendations not followed All recommendations will be followed. Summary of appraisal recommendations and follow-up approved by the Ambassador on October 15th 2018.	

Overall conclusion of the appraisal

The appraisal of the proposed Ethiopia Country Programme (ECP) was undertaken during the period May-August 2018. Two of four thematic programmes included in the proposed ECP were subject to separate field appraisals, but the overall appraisal of the country programme as well as of two thematic programmes was undertaken as a desk appraisal.

Although the Appraisal Team concludes that the formulation process – and consequently also the quality of documentation – has been suboptimal, the proposed country programme is *recommended for presentation to the Council for Development Policy on the condition that*

(a) the relatively large number of recommendations of this appraisal report are taken into consideration, and that (b) two engagements are subject to Inception Reviews in first half of 2019.

The Appraisal Team finds the proposed ECP – and its four thematic programmes - highly relevant as it addresses directly the main challenges of Ethiopia, including high vulnerability to climate change of a predominantly agricultural population, poverty reduction and provision of safety nets, and governance.

All thematic programmes are found aligned to Danish as well as Ethiopian policies and priorities, especially in terms of targeting the agricultural sector and rural livelihoods. Three of the four thematic programmes are co-funded significantly by the Government of Ethiopia as well as other development partners and follow engagement partner's structures, systems and procedures. All four thematic programmes only contain a single engagement partner.

The AT finds the inherent logic and causality between objectives at thematic, country programme and strategic framework (the vision of the country policy paper) good; with all four thematic programme objectives contributing directly to the country programme objective.

With one exception (UNDP under the governance thematic programme), all proposed engagement partners are tested long-term partners under ongoing engagements.

The past six months have seen fundamental shifts in Ethiopia's political and potentially also rights context, opening up for cautious optimism. If tensions erupt and instability returns it could affect all or some parts of the ECP, since they happen in the context and may not be controlled or mitigated within individual thematic programmes. This makes governance, democracy, and rights themes of cross-cutting importance for the ECP's management of risks. The ECP could face a number of scenarios and it will be key to monitor developments closely.

ECP	Recommendation by Appraisal Team	Follow up by the responsible unit
1	The description of intervention logic and theory of change at country programme level should be strengthened and also linked to the ECP results framework.	Country programme document has been revised.
2	Given the high-risk environment, risk monitoring and management should be more clearly spelled out in the description of the duties of the Programme Committee at the Embassy. The planned mid-term review should receive a risk status report with updated management matrix.	The role of the Embassy programme committee will be strengthened. The PC will meet at more regular intervals to discuss i.a performance indicators and risks.

16.1 Recommendations for the Agricultural Commercialisation Clusters Thematic Programme

DE1	Recommendation by Appraisal Team	Follow up by the responsible unit
1	The ECPD should describe and argue for the modality chosen in providing support to ATA.	Done, the modality for the support, which is un-earmarked support to the ACC Initiative, is described in the thematic programme presentation.
2	Since the proposed funding of ACC goes beyond the present planning phase of the GoE, the process of moving from GTP II to GPT III in 2020 should be described, also in terms of (a) results framework and (b) budgets per outcome (that per definition are only indicative post-2020).	Done, the Embassy plan to conduct a midterm review in the end of 2020 following the design and approval of GTPIII to make the necessary revision of the result framework and the budget as per the GTPIII targets is presented in the ECPD.
3	The TOC should be expanded and sharpened, including clear explanations of how and where the engagement is going to support the objectives and activities of ACC.	Done, a revised TOC is presented in the ECPD and DED.

4	Partner reporting requirements should be clarified and included in the DED/ECPD.	Done, ATA reporting requirement including reporting schedule is presented in the DED.
5	(a) Terms of Reference and a budgetary allocation for the monitoring consultancy should be included in the final DED, (b) an agreement with ATA on their role in the consultancy should be reached and (c) relevant statements on the monitoring consultancy should be included in the DED.	Done, ToR is prepared and attached to the DED. The budget for the assignment is included in the ECP programme management budget.
6	Budgets as well as guiding explanations should be revised based on a final ACC document.	Done, Final ACC PAD is submitted to the Embassy in July 2018 with clear budget.
7	The ECPD should present a clear description the status and a judgement on the chances of reaching joint donor mechanism. The (potentially temporary) arrangements until joint donor programming and financing modalities are (a) designed, (b) agreed and (c) implemented should be made clear, also in the case no other donors decide to join.	Done, the status of joint donor programming clearly presented in the ECDP and DED.
8	The DED prerequisites should be revisited to ensure the implementation of needed action following the institutional audit.	Done, A revised prerequisite together with timelines is presented in the DED.
9	The DED should be subject to revision and potentially renegotiation in early 2019, based on findings of (a) the institutional audit, (b) a lessons learned/end-review of ATA and (c) finalised partner documentation.	Done, An institutional audit has already started and expected to be completed end of October 2018. Lesson learning exercise is planned in November 2018 and Embassy and ATA has agreed that the recommendation of the institutional audit will be implemented in the inception

	The revised DED should be subject to an Inception Review led by TQS. Those two recommendations should be included as DED prerequisites.	phase and lessons learnt from the current phase will be incorporated in the DED and a revised DED will be presented to the Inception review team in June 2019.

16.2 Recommendations for Rural Productive Safety Net and Resilience Programme

DE2	Recommendation by Appraisal Team	Follow up by the responsible unit
1	The DED objectives and their relation to objectives of (a) the World Bank project and (b) the PSNP should be clarified.	The below text is now added to the section 3 of the DED *"Contribute directly to the development priorities of the Government of Ethiopia. The GTP II (2015–2020) highlights the Government's commitment to ensure food security and strengthen disaster risk management (DRM), which are elaborated in the social protection and DRM policies and strategies. The proposed programme will support the Government's aim of putting in place a safety net that scales up in response to shocks in rural areas. More specifically, the Government has set out higher-level objective for the PSNP that aim to improve food security and asset creation in rural areas while also contributing to efforts to transform the natural environment and improve nutrition."*
2	The budget table included in the DED should be improved since it is (a) presenting numbers both in DKK and USD, (b) does not provide any details on current funding gaps of the PSNP, (c) does not add up annual numbers to total per component, and (d) the number of World Bank financing for 2019/20 is mistyped	(A) its indicated that the Danish commitment is in DKK (B) funding gap included (C) The contribution also covers PSNP 5 which is not yet

	by USD 100 million. Also, if possible, it would be beneficial to specify the biggest "other donors" and their specific contributions	formulated therefore the total per component could not be made at this stage. (D) it is now 147 Biggest other donors are specified
3	Overheads and admin fees to the World Bank should be presented transparently.	It is indicated that the World Bank charges a 5% administration fee on the funds
4	Reporting requirements should be clarified in the final DED.	It is indicated that the Government reports quarterly and annually to the World Bank, which submits the reports to the involved donors. The World Bank submits annually financial reports for the Multi-donor Trust Fund to the involved donors.
5	The risk management section should be elaborated to specify the roles and responsibilities of the engagement partner vis-à-vis the Embassy.	**It is indicated that** The World Bank will have the full responsibility for monitoring and managing the risks and report on this to the donors. The Danish Embassy will follow the project actively through the established management structures.

16.3 Recommendations for the Climate Resilient Forest Livelihood Programme

DE4	Recommendation by Appraisal Team	Follow up by the responsible unit
1	**Include fuel wood through increased alternative supply and efficient use in the DED.** The use of the natural forests for energy is not mentioned in the draft programme design although fuel wood including charcoal is	**Done.** The revised DED and partner document now specify that the fuelwood demand may be addressed through fuel efficient stoves and woodlot

	identified in other assessments as a major driver for forest degradation. This was confirmed during the field visit.	establishment. The Ethiopian standard participatory forest management bylaws contain provisions for the regulation of fuelwood extraction.
2	**Coordinate and align with the REDD+ programme to achieve synergies and avoid duplication.** Technical support provided at woreda, Kafa Zone, SNNP regional and federal level is expected to be shared and coordinated with REDD+ as well as studies, monitoring and lessons. The DED will include funding of a Social Inclusion Adviser at the REDD+ secretariat in MoEFCC as a contribution to the REDD+ programme.	**Done. Specific measures were already included in DED** to ensure coordination: • The responsible unit in MEFCC for oversight will be the FSTU (once functional), which is established by REDD+ and a central player in REDD+ implementation • The CRFL-funded Social Inclusion Adviser will be part of the FSTU • The REDD+ Secretariat and Norwegian Embassy are suggested to be included in the CRFL Steering Committee The above are no**w also included in the partner document**. It has now also **been added to the revised partner document and DED** that during the inception phase there will be a close engagement with the relevant REDD+ entities vis-à-vis synergies and coordination, e.g. vis-à-vis GHG measurement. Specifically, a) local level staff recruitment will be coordinated and the staff recruited will serve both programmes. It should be noted that the REDD+ programme is more focused on mitigation than adaptation, whereas CRFL has a

		strong adaptation element.
3	**Include staff and financial contributions from the Government in the agreement.** It was agreed with the MOFEC (CRGE) during the appraisal that the Government's contribution in terms of staff and budget should be included in the partner Project Document and in the agreement (DED) to reflect its commitments	**Done.** The Government contribution is now included in the partner document and DED. The Government will provide an in-kind contribution (staff time, office space) of an estimated value of ETB 3.5 million (approx. DKK 800,000).
4	**Develop a plan for capacity development.** An initial plan for capacity development is key as a starting point for the planned capacity development support of the Development Engagement. It will help clarify the purpose of capacity development and the approach for achieving the purpose. This is also a recommendation because the challenges of implementing a similar support to capacity development in the ongoing programme.	A well-designed capacity development plan should be based on a comprehensive capacity needs assessment, which is beyond the scope of the formulation mission. Such an assessment was already mentioned in the DED as part of the inception phase. It has now **been added** to the DED that a capacity development plan shall be elaborated during the inception phase.
5	**Include ToR for the input of technical assistance in the DED.** The inclusion of the ToR for the inputs of technical assistance will ensure common agreement among the parties and facilitate the procurement on time. To avoid a gap between the ongoing phase and the future support the team of technical assistance should preferably be mobilized at the beginning of the inception phase	The formulation team had already provided draft ToRs for a) the Social Inclusion Adviser, b) the international technical advisory and capacity development consultant, and c) the international monitoring consultant. The EOD and Government partners are **in the process of revising the TORs and preparing tender materials**. The ToRs are under elaboration and will be attached to the DED and partner document.
6	**Revise and update of the programme results framework**. The proposed outputs and	The theory of change and results framework **have been revised**

	outcomes and their expected results can be prepared into a simpler results framework to ensure a more logic and robust approach for the Development Engagement.	in the partner document and **updated** accordingly in the DED. **Baselines and targets have now been established** by the Government and included in the revised results framework.
7	**Revise and simplify the indicators to be used for the monitoring and evaluation of the programme.** This requires that selected indicators can be realistically monitored, and that data will be available. This is to ensure that the relevant information can and will be collected at Woreda and Kebele level for consolidated reporting. Support should be provided for an open data base, e.g. at the University of Bonga, on natural resources and socio-economic information from the Kafa Zone and Biosphere Reserve.	The indicators in the results framework **have been simplified**. The establishment of an open data base is an output in its own right and goes beyond programme monitoring. The extent and nature of the involvement of Bonga University will based on the findings of a stakeholder analysis carrying out in the inception phase.
8	**Revise the structure of the budget.** The structure of the DED budget should follow the outputs of the results framework. The specific costing at activity level will be done in the annual work plans and budgets. The budget is also recommended to reveal the relevant financial management flows for each budget line.	The budget in the DED was already output-based and aligned with the outputs in the results framework. The budget in the **partner document has now been revised and also made output-based** and aligned with the results framework, and the budget in the **DED has been updated** in accordance with this new budget.
9	**Prepare a procedure for support to income generating activities.** A feasibility assessment of support to each income generating activity shall be made by the woredas and Zone. It should include an assessment of the income potential and success criteria (e.g. a production target). It will provide a measure for cost efficiency and an input for monitoring. An operational procedure for support to income generating activities can is prepared during the	It has **now been added to the DED** that a procedure with clear economic, social and environmental criteria for the selection of livelihoods options shall be established during the incpeiton phase. The DED already specifies that the economic potential and environmental impact of the

	inception phase	available livelihoods options shall be analysed, to identify the most relevant ones to be promoted. This analysis has now also **been added** to the **partner document**.
10	**Explore options for payments for environmental services.** Payments for ecosystem services as this could be highly relevant in the Kafa Biosphere Reserve including for a longer-term financing strategy. It could be for carbon markets (voluntary or compliance markets). It would also be relevant in the Kafa Biosphere Reserve to consider other unique opportunities for marketing of ecosystem services, i.e. freshwater water production, biodiversity conservation including *in situ* protection of wild coffee, and eco-tourism.	Payment for ecosystem services (PES) would potentially be a very relevant opportunity for the Kaffa Biosphere Reserve. The Partner Document **now specifies** that "*The programme will also explore to estimate the value of ecosystem services it will provide to the country and the region and develop the evidence to advocate for the protection and rehabilitation of the forest at national and regional level and negotiate with other stakeholders*". However, PES has proven difficult in practice. And it would require careful analysis of ability and willingness to pay, and of whom should pay. The global carbon market has failed so far. It thus seems beyond the scope for (and resources for) CRFL to engage substantially in PES. However, **studies/assessments** of the potential and options for introducing PES in the Kaffa Biosphere Reserve will be carried out as part of the livelihoods options assessments. This could then be an input, which the much larger REDD+ could take further. The presence of wild coffee is added to the partner document as a priority to be considered for the selection of forest sites. Moreover, the Ethiopian standard participatory forest management bylaws contain provisions for protection, promotion and utilisation of wild coffee. Eco-tourism is now specified in the partner document as one of the possible livelihoods options to be

		considered.
11	**Undertake an Inception Review following the completion of the inception phase.** To be included in the DED as a prerequisite.	Agreed. The DED and programme document have been revised. The ToR will be developed during the inception period in collaboration with the partners and TQS.

16.4 Recommendations for the Governance Thematic Programme

DE5	Recommendation by Appraisal Team	Follow up by the responsible unit
1	Consider the likely future scenarios for the CP's support to governance and human rights and appropriate responses with regard to budget flexibility and allocations	Scenarios and possible responses and mitigating measures have been included in the ECP.
2	Increase the CP's allocation to the TP on governance above the current 6% to a level that enables Denmark a role and level of engagement in Ethiopia's governance-arena that matches the Embassy's ambitions and allows Denmark to respond to positive developments in the context	The total allocation for the governance TP has been increased to DKK 130 mio. Un-allocated funds have been increased to DKK 90 mio, to be able to respond to positive development during the implementation period. Possible new engagements in support of CSO's and election have been identified, and will be subject to further development.
3	Further develop and elaborate governance and human rights as a cross-cutting pillar of the CP, including clarifying the Danish focus on governance and rights (adjust the title of the TP	We agree. The added development engagement with UN Women directly targets HR, while the UNDP engagement has HR as a

	to indicate the exact governance/rights focus).	crosscutting theme. UNDP are currently looking at a slight refocus of the programme, to address the new opportunities arising from the law reforms. HR will be a crosscutting theme in both the dialogue of the Embassy as part of working groups on governance and on gender, and any new engagements will have HR as a central theme.
4	Strengthen the Embassy's possibilities to engage in governance and human rights and follow developments in the context and projects to manage risks by including a monitoring unit and a flexible budget for CP-wide analysis, reviews, or process-support the Embassy can use based on needs.	The budget for programme management has been increased to DKK 20 mio, including funds for M&E, studies and reviews. The Embassy will further explore possibilities to provide short-term technical assistance to key partners.
5	Clarify the structure of the TP on governance to reflect the full set of themes and development engagements it will cover, and define the Danish programmatic/strategic approach that binds the elements of the TP together.	The TP document has been revised to include possible new engagements and themes to explore.
6	Consider to include an unallocated budget under the TP on governance for allocation and programming in 2019 in response to developments in the context	The un-allocated funds have been increased to DKK 90 mio.
7	Follow the GDPP trust fund's standard funding procedures like the other donors and do not earmark the Danish funds to certain partners.	Agreed. The modality has been revised, as to provide general funding for the programme.
8	Within the GDPP, focus the Danish dialogue, monitoring, and choice of indicators on the selected Danish priority themes; these need to	Agreed. The focus on dialogue and monitoring of specific institutions should reflect the

	be further determined, based on overall strategic focus in the CP.	changing context during the implementation period. This might be difficult to reflect in results framework indicators, which are at aggregate level. A distinction between programme results and dialogue focus is though needed.
9	Support the GDDP with an initial allocation of DKK 20 million for 2019; make any additional allocations for the GDPP conditional on clear funding-needs and results, based on assessment of the project's progress during 2019.	Agreed and already implemented.

17 Annex 10: Overview of bilateral and regional development engagements

17.1 Bilateral development engagements outside Country Programme

Programme	Implementing partners	Funding (DKK Mil.)	2017	2018	2019	2020	2021	2022
ACCELERATING Wind Power Generation in Ethiopia (AWPGE) (2017-2019)	World Bank, DEA, MoWIE	**28**						
Greening Agricultural Transformation in Ethiopia (GATE) (2014-2018)								
Support to ATA	ATA	**150**						
Support to CRGE	MoFEC (CRGE Facility)	**27,5**						
Resilience								
RPSNP	World Bank	**50**						
Local Grants								
Safe house	UN WOMEN	**11,25**						
Justice for All - Prison Fellowship		**3**						
Female entrepreneurs	DFC	**0,75**						
AACCSA	DI	**4**						
Humanitarian development								
Family Planning and Sexual Reproductive Health Rights	UNFPA	**20**						
Private Sector								
Assela Wind Farm	MoFEC and EEP	**200 (USD)**						
Trade Council	Vestas	**0,1**						
Migration								
Comprehensive Refugee Response Framework (CRRF)	UNCHR	**30**						

17.2 Regional development and peace and stability engagements, including migration initiatives

Programme	Implementing partners	Funding (DKK Mil.)	2017	2018	2019	2020	2021	2022	2023
Migration programmes									
Comprehensive Refugee Response Framework (CRRF)	UNCHR	**30**							
Regional programmes									
APP IV (2018-2021)		**200**							
Horn of Africa Peace and Stabilisation Action Programme (2015-2018) (2019-2022)									
Horn of Africa Peace and Stabilisation Action Programme	AU	**47**							
Country Programme: South Sudan 2016-2018									
Country Programme: South Sudan 2016-2018	CTSAMM, Unicef, FAO	**100**							