

# COTONOU TASK FORCE

CTF Report for JAR/MTR

COMPILED BY THE CTF SECRETARIAT STAFF:

YITAGESU ZEWDU (PROGRAM COORDINATOR)  
LEONHARD DEN HERTOOG (PROGRAM ASSISTANT)

OCTOBER 2009  
ADDIS ABABA  
ETHIOPIA



CTF SECRETARIAT  
HOUSED IN PANE OFFICES  
TELEPHONE: +251 116 620327  
E-MAIL: [TFCOTONOU@YAHOO.COM](mailto:TFCOTONOU@YAHOO.COM)  
[WWW.CTFETHIOPIA.ORG](http://WWW.CTFETHIOPIA.ORG)



**ACRONYMS**

CA	Cotonou Agreement
CSP	Country Strategy Paper
CSF	Civil Society Fund
CTF	Cotonou Task Force
EC	European Commission
ECBP	Engineering Capacity Building Program
EPA	Economic Partnership Agreement
EU	European Union
GoE	Government of Ethiopia
GBS	General Budget Support
GQEP	General Quality of Education Program
JAR	Joint Annual Review
MDG	Millennium Development Goal
MTR	Mid-Term Review
NAO	National Authorizing Officer
NIP	National Indicative Program
NSA	Non-State Actor
PANE	Poverty Action Network of civil society organizations in Ethiopia
PBS	Protection of Basic Services
PCDP	Pastoralists Community Development Program
PSNP	Productive Safety Net Program



TABLE OF CONTENTS

<b>Introductory Issues</b> .....	4
Introduction.....	4
Acknowledgements.....	4
Aims Of Report.....	4
Methodology.....	4
<b>General Topics</b> .....	6
Overall EC Development Cooperation and Its Visibility .....	6
Quality & Direction of the Tri-Partite Dialogue.....	6
Non-State Actors.....	7
<b>Specific Topics</b> .....	10
Political developments.....	10
Private Business Sector.....	10
Transport.....	11
Macro-Economic Situation.....	12
Gender Equality .....	12
Population Growth & Environment.....	12
EPA Negotiations.....	13
Agriculture & Food Security .....	13
Education .....	14
Water & Energy .....	15
Health.....	15
<b>Concluding Remarks: Cautious Optimism</b> .....	17
<b>List of Recommendations</b> .....	18
<b>Annexes</b> .....	21
Annex 1 – Description of CTF.....	21
Annex 2 – Used Questionnaire for Interview Consultation Round .....	24
Annex 3 – Summary of CSP/NIP 2008-2013 .....	30



## INTRODUCTORY ISSUES

### INTRODUCTION

This report has been drafted by the CTF Secretariat solely on the basis of a round of interviews and consultations with the CTF member organizations (*Please find a description of the CTF attached in Annex 1*). The members have given their valuable input based on their area of expertise for which the CTF Secretariat is most grateful. In order to present a more holistic input of NSAs into the review processes of the JAR and the MTR, this report was subsequently drawn up. It should be noted that this report focuses on selected topics; therefore it does not comment on all aspects of the development cooperation activities of the GoE and the EC in the CA framework but rather relates to those issues which matter most to the CTF members. By consulting the CTF members a fair representation of the NSA viewpoints is believed to be provided in this report.

### ACKNOWLEDGEMENTS

Most of all the CTF Secretariat would like to thank the CTF member organizations which have reserved some of their precious time to contribute meaningfully to this report. Moreover, special thanks should go to the organization of PANE which has hosted and supported the drawing up of this report. Especially, its Executive Director, Mr Eshetu Bekele, should be acknowledged for his support and comments on the document. Also, the Program Manager of CTF, Mr Mohamed Gelma should be thanked for his active involvement and participation in the process of drawing up this report. Last but not least, the other parties in the tri-partite dialogue – the EC and the GoE – are thanked for their ongoing willingness to engage into the dialogue with NSAs and their continuous efforts for creating a partnership.

### AIMS OF REPORT

It is very important to note that the prime aim of this report – overall speaking – is to meaningfully engage with the EC and the GoE concerning the EC-Ethiopian development cooperation. It serves therefore the purpose of meaningfully presenting the CTF members' point of view on important issues of this cooperation and to make constructive recommendations to both of the parties. Specifically, the modality of a report is chosen for this year's consultation rounds – as opposed to previous years – to present the CTF members' input more coherently and strongly. By identifying the CTF members' main concerns *before* the actual consultation round the dialogue will be more focused and less scattered and will hence be more meaningful to both the other actors as well as to the CTF members themselves. It should be emphasized that since we are talking about *joint* reviewing, this report does not only comment on the performance of the other actors – the EC and the GoE – but also takes an inward looking approach. After all, the purpose of all this paperwork is to make Ethiopia a better place for its people and to create a strong tri-partite partnership and dialogue for the effective implementation of the CA as well as the EU support to Ethiopia. The CTF members strongly believe that in order to achieve that purpose personal interests cannot be prevalent.

### METHODOLOGY

In contrast with comments of the CTF members into the JAR/MTR process in previous years, which were first voiced at the actual consultation meetings with the EC and the GoE, this year a preparatory round of interviews with the CTF members was conducted by the CTF Secretariat. The questionnaires for the interviews are based on general issues which as such are not always directly related with sub-headings of the JAR/MTR, such as the assessment of the general working environment for NSAs, and on specific issues which relate to the content of the draft JAR/MTR and to specific working areas of the CTF member organizations (*Please find attached the questionnaire used in the assessment as Annex 2*). Before the actual interviews a copy of the



draft JAR/MTR, without its ‘political developments’ part and conclusions due to the refusal of the EC and the GoE to provide these parts, was sent to the CTF member organizations together with the questionnaire. Furthermore, a summary of the CSP/NIP was attached (*Please find the CSP/NIP summary attached in Annex 3*). After interviewing 18 CTF member organizations a first draft of the CTF report was drawn up and presented to the member organizations in a plenary session on October 5, 2009. In that meeting the member organizations voiced some comments and concerns and were given until October 9, 2009 to further comment on the draft. After including all the comments of the CTF member organizations the CTF Secretariat consolidated a final report on October 12, 2009. This report was subsequently presented to the GoE and the EC at a tri-partite consultation meeting on the JAR/MTR at Green View Hotel in Addis Ababa, Ethiopia on October 14, 2009.



## GENERAL TOPICS

### OVERALL EC DEVELOPMENT COOPERATION AND ITS VISIBILITY

All CTF members are highly appreciative of the generous and continued support of the EC to the development and poverty reduction process of the country. Without this help, the country could have faced even greater serious socio-economic challenges. Furthermore, the EC has given an extremely important impetus to the development activities of the NSA sector, both by financial and political support. Even more, the EU is seen as a role model when it comes to accountable and transparent development aid.

In terms of the political process the role of the EC has often been seen as positive in this country although recently the EC may have lost some of its principled stance. During a recent working trip to Brussels the Program Director of CTF Secretariat has experienced that the EC remains highly committed to include NSAs into the Cotonou Agreement framework. The EU is highly appreciated for its spending on pro-poor projects which include projects in the transport, water, and food security sector.

With regard to the visibility of the EU considerable steps have been taken and improvements have been witnessed. Several CTF members have reported that their grassroots constituents are aware of the EU role in the development process in the country. The activities of the CTF, such as its regional familiarization workshops (on CA, EPA etc.), and the other EU-supported NSA projects have contributed towards the visibility of the EU development contribution in the country. In these familiarization workshops different development actors have participated including regional and local government officials, regional CSOs, and community based organizations and their constituents. Nevertheless, there is room for improvement on the visibility and promotion of the EU development cooperation in the country. In this regard, the respondents recommended that the CTF's contribution to the visibility of the EC-GoE cooperation, such as the regional workshops, should be continued and expanded. Moreover, it is essential to connect more with the broader public and the EU is encouraged to make more use of mass-media and to expand funding to NSAs working with their constituents at grassroots level as well as with mass-based organization. Engaging with NSAs from a wide variety of working areas will also add to the visibility of the EU. Mass-based organizations may be helpful partners for the EU to spread its mission to a great multitude of individuals. Developing visibility and advocacy programs together with them will be of mutual benefit.

### QUALITY & DIRECTION OF THE TRI-PARTITE DIALOGUE

Overall, the tri-partite dialogue, such as the consultation round on the JAR-MTR, is highly appreciated by the CTF members and is considered to be a unique framework for consultation amongst the different actors. Although there are considerable weaknesses in having a continued dialogue on policy matters, the concept of the tri-partite dialogue is exemplary and should be adopted as a working method as well by other donors. Members have appreciated the need for similar tri-partite dialogue with regional and sub-regional levels of Government in Ethiopia. It could contribute greatly to the effectiveness of development cooperation at the grassroots level. Furthermore, with regard to the Steering Committee of the CSF, the CTF members feel that there is ample room for a strong and pro-active contribution from the side of the NSAs although this body should form only a minor part of the tri-partite dialogue. It is widely believed that in recent times the quality of the tri-partite dialogue has decreased somewhat. This is not due to one actor's failure, but to a common lack of commitment and understanding. On the NSAs' part, which also relates to the coordinating duty of the CTF, there should be a more united, professional, organized, and prepared input into the ongoing dialogue to have a more serious, continued, and



genuine engagement. This will make the engagement with NSAs more useful for the other involved partners. Recently the NSA actors have not taken full advantage of the opportunities provided by the tri-partite dialogue avenue. Furthermore, an inward looking evaluation of the NSAs code of ethics will help to make NSAs an even more respected partner. As for the EU, the members believe it should take a stronger stance reflecting the objectives of the CA framework, such as on the participation of NSAs in the dialogue. Although the EC is supportive to the NSA sector it could be more committed to include the NSAs meaningfully. This could be done by timelier information sharing on the policies and evaluation processes of the local EC Delegation. For the preparation of the current report the EC Delegation and the NAO did not provide the 'political developments' section and the conclusions of their draft JAR-MTR to the CTF Secretariat despite multiple requests to do so. On a recent working trip to Brussels, as part of the PANE/CTF project, it was voiced by the EU institutions that they are unequivocally supportive of the NSAs and their contribution to the development process in Ethiopia and highly appreciate the efforts of NSAs in this country. As used to be done in the past, the troika group should become more active in engaging the NSAs.

On the part of the GoE, it could give more leeway for the incorporation of the other parties' concerns. In recent times the members have felt that the GoE is somewhat unwilling or reserved from sharing information and committing to joint actions with the other parties, particularly with the NSAs. In addition, the involvement of the CTF in the bilateral discussions between the GoE and the EC is currently not sufficient and is taking place only very rarely. In order to further mainstream the NSA involvement in the GoE-EC development cooperation the CTF would like to request seats for NSAs in the various steering committees of the EDF Programs.

In order to improve the quality of the tri-partite dialogue the CTF members believe that it is crucial to come to a common understanding on the basic terms of engagement. Only after a frank and open discussion on the different parties' understanding of the concepts in the CA can a fruitful discussion take place. Practically this means that the three parties should agree on terms of reference so that the future working arrangements are clear for all parties. This will be difficult but very fruitful in the end since it will enable the different actors to have reasonable expectations of the tri-partite dialogue. Currently there is no such shared framework of terms of reference. Also, all parties should attempt to overcome some of the traditional ways of thinking and try to approach each other with a new spirit of positivism. The development of this country is not dependent on one party but is a shared effort; the people of Ethiopia wish to see enhanced dialogue and cross-fertilization of ideas between the various actors to address the developmental challenges. To underline the priority and commitment the CTF members give to the enhancement of the tri-partite dialogue it should be noted that the CTF has recently established a specific working group to come with further comments for the improvement of the dialogue.

#### **NON-STATE ACTORS**

First of all, although absolutely convinced that most NSAs work in a fully ethical way, the CTF members feel that it is their duty to remain critically inward looking to the NSA sector and to work pro-actively for an ethical NSA sector. Any issues raised in relation to NSAs not working in an ethical way should be dealt with unreservedly and bold action should be taken against such NSAs. On the outward looking aspects, it is widely believed that the work of Ethiopian NSAs currently is not accorded with an enabling environment for its growth and effectiveness. The recent Charities and Societies law (CSO law) is the major factor which contributes to this state of affairs. Both the foreign funding and cap on overhead cost requirements stemming from that law are targeting some organizations disproportionately. This especially applies to advocacy organizations which have no physical development projects as such.



The eventual impact of the law on the CTF members' activities is not yet clear. However, almost all member organizations are shifting their activity areas, are abolishing certain programs, and some are even fearing for their future existence as they are facing serious funding challenges. To give practical examples: regional voter education teams are being abolished, grassroots community leaders in charge of conflict prevention projects are fired, mission statements concerning human rights are being revised, and funding from international donors is drying up due to this new legislation. Especially CTF members working in the area of democracy, human rights, good governance, gender equality, and rule of law – all of which are core values of the EU – are feeling the adverse effects of the new legislation. The true impact of the new CSO legislation on these working fields can however only be assessed after it is fully implemented. Hence, a considerable amount of members feel insecurity and uncertainty as to what exactly will happen to their activities when the law is fully implemented. Connected to this uncertainty, it is additionally felt that international donors are hesitant about funding activities which are sanctioned for non-local CSOs in the new law. Most of the respondents argued that this creates very serious challenges to the development process of Ethiopia and the role NSAs can play in that process. Donors, including the EU, could be more assuring in their commitment so as to alleviate some of the insecurity and uncertainty plaguing the NSA sector. It should be noted that some CTF members are still encouraged and invited by regional and local government officials to continue engaging in activity areas which seem to be sanctioned by the incoming CSO legislation. This is a positive sign and it is hoped for that it may reflect a future trend amongst Government officials.

With regard to the role of the EU in these developments it is widely felt by the CTF members that it is not exercising its political leverage to its full capability and that previous stances by the EU were more convincing than the current engagements. Apart from this, it is believed that the financial support to NSAs by the EC is considerable and highly appreciated although it represents only a minor portion of EC funds to Ethiopia. From this perspective more could be done to increase funding for the CSF. In this respect it is positive that the JAR/MTR acknowledges that the CSF should be continued and strengthened after the evaluation later this year. With regard to this evaluation the CTF members would like to be consulted in this process as it concerns their sector. However, it is also acknowledged that the amount of funding is not the only factor. The transparency of procedures, the working speed, and flexibility of funding criteria of the CSF could be further enhanced as has always been argued by NSAs. Especially the current long delay in the signing of grant contracts for CSF beneficiaries is problematic and calls for more commitment of the involved parties. Those delays threaten the timely implementation of the CSF activities. Apart from funding flowing from the CSF, more funding should be channelled to NSAs through other modalities as well. For example, in the areas of aid delivery the NSAs could have an advantage as compared to government when it comes to aid effectiveness which could justify a shift of channelling funds to NSAs.

The assistance of the TAU to the NSAs in Ethiopia is also appreciated although it is recommended to shift its activities to more direct and practical support to NSAs. Since the TAU is funded from the CSF it should be working solely on supporting NSAs. Especially capacity-building in the areas of procedural and financial issues related to EU funding would be much appreciated since they pose serious challenges to under-capacitated NSAs. This means that not only project-based grants should be given since they do not necessarily build the capacity of NSAs. Furthermore the CTF members would like to access courses on these issues. However, overall speaking the CTF members would like to stress once again their appreciation for the establishment of the CSF as this is a unique instrument to support NSAs in Ethiopia. It is even



indicated that for some NSAs the CSF is a potential lifeline which keeps them from drowning in the current challenging environment for NSAs in Ethiopia. Lastly, the networking of Ethiopian NSAs is seen as important to have a strong common voice and solidarity as the current NSA operating landscape is still too scattered.



## SPECIFIC TOPICS

### POLITICAL DEVELOPMENTS

With regard to the political developments in Ethiopia almost all CTF members witness a narrowing of the political space and a further complicated environment for NSAs to take part in the political process. This latter fact is highly influenced by the new CSO legislation. Many CTF members hold the view that, as one of the major development cooperation partners, the EC should play a more pro-active role for fostering an environment for an inclusive and pluralistic political process in Ethiopia. The CTF member organizations have vested hope in the EC on this point, partly from past experience. On a recent working trip to Brussels it was learnt that the EC institutions remain committed to a healthy political process in Ethiopia with an adequate place for NSAs. When comparing the environment leading up to the 2005 elections with that of the current environment leading up to the 2010 elections, a narrowing of the political space is indicated by the CTF members. This is specifically true with regard to recently enacted legislation on media freedom, political parties, the election board, anti-terrorism and CSOs; they highly restrict the active political participation of the general public. Furthermore it is widely believed that the current environment does not enable NSAs to take part in the political process. New regulations forcing organizations to work in voter education *or* in election monitoring, and not both of them, has decreased the capability of NSAs to facilitate and strengthen legitimacy of the election process in a non-partisan way. The anti-terrorism legislation has also narrowed the political space as it restricts, for example, the right to demonstrate. The GoE is called upon to ease the recent legal restrictions set to the political process in Ethiopia. In any case, the NSAs are ready to engage in a respectful dialogue with Government to discuss the current challenges to their non-partisan work in the political process of Ethiopia. A common and better future is envisaged for the Ethiopian people and it is therefore crucial to come together and to facilitate the political process in Ethiopia.

### PRIVATE BUSINESS SECTOR

The private business sector is acknowledged by all parties to have enormous potential for Ethiopia. Currently, as also recognized in the JAR/MTR, the potential of all the sector is yet to be released in full force. Nevertheless the CTF members are witnessing an increasingly vibrant private sector and a willingness and commitment on the Government's side to work actively for the sector. The ECBP is encouraging in this regard and plays an important role in the advancement of Ethiopia's private sector. The many opportunities Ethiopia offers to entrepreneurs and investors could be put to better use if the following recommendations are taken into account. First of all, with regard to foreign investors there could be more promotion for Ethiopia abroad. Currently it is experienced that the perception abroad concerning the business environment in Ethiopia is still poor. Also, a tax scheme with interesting incentives for foreign and domestic investors will help the Ethiopian economy to grow. In general the whole public sector should become facilitating to investors if Ethiopia is supposed to gain a competitive edge in this regard. The lack of basic infrastructure facilities such as water, energy, and internet sometimes and in some areas is greatly discouraging to investors and entrepreneurs. Furthermore, there seems to be a lack of coherency with regard to the tax and regulatory framework. Bureaucracy as reflected in a wide variation of procedures, regulations, and competent authorities complicates the private business efforts. It is recommended to harmonize tax and regulatory regimes across regions and to establish one-stop-shop Government offices for the private business sector. The public-private dialogues should be strengthened all over the country and institutionalized so as to ensure better coordination. This could be a key to successfully developing the private sector with clear benefits for the wider population and the government. The capacity of local entrepreneurs is too limited and entrepreneurial skills, such as finance and



management, are scarcely available across the larger population. It is therefore recommended to include entrepreneurial skills in the curriculum of schools as is already partly done. Furthermore, to clearly be able to formulate and implement successful policies with regard to the private sector more research is needed. This may relate to internal market opportunities but mainly to export opportunities since this latter activity is vital for the long term macro-economic stability of Ethiopia. Statistics are needed to identify the demand for Ethiopian products in specific foreign places.

When the Government will formulate and implement a new industrial policy, as is indicated in the JAR/MTR, it should be focused on the linkage between agriculture and industry. It is reported that agricultural production has been wasted because the appropriate industrial processing techniques were not in place to conserve, pack, and distribute agricultural products. Linking agricultural output with industrial processes could give Ethiopia an advantage as compared to other African countries' agricultural exports. In order to start the industrialization at small-scale levels, finance should be made more accessible compared to the current situation. Getting sufficient funds to start up a business or invest is a general problem amongst the private business sector. Especially the lack of collateral available for many entrepreneurs is a serious issue which is threatening the economic advancement of Ethiopia.

It is furthermore felt that the wider CSO community and the private business sector in Ethiopia should undertake more efforts to come together and to get the private business sector organizations truly on board in the tri-partite dialogue, such as in the CTF.

#### TRANSPORT

In the area of road transportation the work of the GoE, partly with the help of the EC, is greatly appreciated. It means an enormous step forward for Ethiopia and it is widely believed that the vast scale of road construction is pro-poor and contributes heavily to the development process in Ethiopia. Although there are remarkable achievements the member organizations also believe that in some areas road construction should become more effective and that projects should be finished in time. Furthermore, the scarce resources should be allocated wisely and primarily with a view to the economic potential of the envisaged road. The increasing share of local road constructors in the construction and maintenance of the road network is encouraging. The members believe that it is of vital importance that in the future all contracts will be awarded to local contractors. This will ensure that the valuable profits to be made with road construction stay inside Ethiopia and are put to use here. A recommendation is for Government, with the help of the donor community, to pro-actively build the capacity of local contractors and to start up a large scale road construction company which is capable of handling the larger projects in the country. Although challenges remain with regard to maintenance of the road network the members witness an upward trend.

As far as the Ethio-Djibouti railway is concerned the members are worried about the lack of action on this project. The apparent choice of the Government to establish a completely new railroad parallel to the existing track, as contemplated in the JAR/MTR, is seen as an interesting option by the CTF members although it would render useless the investment made so far on rehabilitation of the existing tracks. However, more detailed information concerning the financial consequences of such a choice does not seem to be available. In any case, the members strongly advise to proceed with the development of the rail sector in Ethiopia, which is not just limited to the Ethio-Djibouti railway. With specific regard to this latter railway connection it is recommended to use both the old track and a new parallel track in order to achieve two-way traffic. This would enhance the effectiveness of the envisaged rail corridor greatly. If the



governments of Ethiopia and Djibouti have given up on finding a private concessionaire and believe that the railway may be successfully commercially exploited it is recommended for the respective governments to research the possibilities for a state run rail concessionaire. Although progress is being made, currently the transport actions taken by the Government and the EC do not seem to sufficiently enhance regional integration in the Horn of Africa. More inter-country road and rail construction should be implemented.

#### MACRO-ECONOMIC SITUATION

Although not underestimating the enormous importance of this issue it is not typically the area of affairs of NSAs and this is reflected in the limited comments on this area. It is clear for all parties that the economic downturn has had its negative impact on the Ethiopian economy. With regard to the social-economic consequences for the Ethiopians it seems that the high inflation levels are the most directly devastating. It is encouraging in this respect that the inflation level has eased in 2009. The bold action taken by Government is appreciated in this regard although much still remains to be done.

#### GENDER EQUALITY

The CTF member organizations feel that the Ethiopian situation is largely following the global trend of increased gender equality. This means that much improvement has been made in the area. Especially legal reforms, such as in the penal code, land policy and family law have been positive and are creating a good starting point for action. This should be acknowledged by all actors. Big challenges remain of course. Especially in the rural areas the traditional and religious beliefs may pose a challenge. The members propose to work more closely with religious leaders and traditional chiefs on this issue in order to find a solution which is compatible with the local traditions and beliefs. Furthermore, NSAs have contributed and will keep contributing towards improving gender equality. To illustrate, one member organization has worked on social courts and has promoted the acceptance of women ratio for these courts. In the end the stakeholders agreed. Another organization has organized trainings on gender equality for law enforcement personnel. It shows the awareness raising that can be carried out by NSAs on this topic area. With regard to the JAR section on gender equality it is suggested to include a more detailed progress and review report since the current section merely addresses the state of affairs in general terms and without sufficient information to directly assess the yearly progress in the area. It should be clear which EU funds are allocated to which projects in the topic area and which programs are carried out by the GoE.

Information and access to sexual and reproductive health services should be a key component of gender equality programs supported by the EC as it directly contributes to women's empowerment, by giving women the choice to space births and plan their desired family size.

With regard to the disputed claims in the JAR/MTR concerning the incoming CSO legislation and its impact on the work on gender equality the members hold the view that in essence the legislation poses a threat to their activities but that much depends on the actual implementation in this area. The GoE is called upon to be lenient in the implementation of the law on gender related issues as failure to do so may result in the backsliding of positive gains registered from NSA initiatives. In any case, many organizations have mainstreamed gender equality in their programs and do therefore not expect many challenges from the CSO legislation.

#### POPULATION GROWTH & ENVIRONMENT

It is widely believed that these two issues are undeniably interconnected and should be seen in coherency with each other. Just as this is true for gender equality it could be a good



recommendation to engage community and religious leaders pro-actively in promoting voluntary access to contraception to prevent the intensification of demographic pressure on the environment. In some areas the population growth is hardly decreasing. The increased availability of family planning methods, as reflected in the JAR, is highly appreciated by the CTF members although the accuracy of the statistics itself is questioned. Nonetheless it is believed that high population growth may further destroy the natural environment and frustrate the development efforts in Ethiopia and is therefore a cross-cutting issue which needs the most urgent attention by NSAs, donors, and Government. The members view the environmental issues as the most urgent need in Ethiopia and would urge the EU to turn this into a focal area of its development cooperation in Ethiopia. Currently it is threatening to derail all development efforts in a major way. The increasingly fast degradation of land, the warming climate, and decreasing rain levels add to the existing problems of the mainly rural population. However, the knowledge about the impact of environmental change is not sufficiently mapped in Ethiopia and it therefore needs more research. Therefore it is widely believed that EU, and other donors alike, should increase the commitment of their contribution both for research and grassroots work in this area also because the effects of global warming stem from western practice. In the EU's strategies for Ethiopia more emphasis should be given to climate change on the environment and family planning methods in Ethiopia and the dialogue with NSAs on these issues.

#### **EPA NEGOTIATIONS**

The decision of the Ethiopian Government not to sign the interim EPA is widely backed by the CTF members. In general it is believed that Ethiopian policymakers and NSAs need more time to assess the potential impact of signing a particular EPA. This is why the NSA actors propose to introduce a larger regress period which would reach at least unto 2015. Furthermore the capacity-building of Ethiopian enterprises needs be speeded up if the country is to benefit from EPA. However, most CTF members believe that eventually an EPA should be the way forward for both the EU and Ethiopia. Nevertheless, the EPA issue is regarded as something that could potentially derail the EU development effort in Ethiopia and the members therefore strongly urge the Ethiopian Government and the EU to be flexible in their stance and to work out a solution. The EU needs to understand that signing an EPA can have serious consequences for Ethiopia. The members are of the opinion that in a worst case scenario the Ethiopian Government should refuse to sign any EPA altogether and face the subsequent consequences. In any case, if such definite decision is to be made the consequences need to be clearly mapped and NSAs need to be consulted in that decision-making process.

#### **AGRICULTURE & FOOD SECURITY**

The members are highly worried by the seemingly deteriorating conditions in the food security sector and by the increasing number of Ethiopians in need of food aid. The solution to this challenge is by no means simple and needs a concerted effort by government, donors, and non-state actors. The current programs in this area, the PBS and PSNP, are evaluated in a mixed sense by the members. In general it can be said that both programs are successful at the grassroots level in helping to suppress food aid dependency and to capacitate individuals to withstand challenges in times of food shortage. It is acknowledged that the PSNP successfully links relief aid with development. Furthermore there are CTF members working with the programs and they have reported that in some areas these programs have enabled people to establish assets. However, when the implementation of the PSNP is concerned some alarming issues are raised by the CTF members. The central shortfall of the program is the lack of a sound accountability and report structure. To illustrate it has been reported that in some regions, such as the Somali region, the PSNP is reported to be in place but on the grassroots level such support can hardly be found anywhere. An inquiry showed that in the Somali region only food-for-work programs are



implemented by subcontracted aid organizations and that no facilities were put in place for the most vulnerable people, such as the elderly and disabled. The effectiveness of the program is hereby at stake. The EU is advised to attach stricter accountability demands to its aid into this program.

Moreover, it has been suggested that the EU and/or the entire PSNP donor consortium should conduct an impact assessment of the PSNP in order to identify the actual contribution of the program on the food security and poverty reduction processes of the country. The NSA viewpoint on these programs should be taken into account in such a study. Another point, connected to this, is the limited coverage of the PSNP. Some of the worst affected areas in the country have not been reached by the program. Livestock centres could be set up to enable the local people to take full advantage of their livestock assets. With regard to agricultural crops it should be recommended to change to more high-value crops which could produce much more and thereby alleviate the food insecurity. This would however require a change in eating habits, as far as the crops are used for own consumption, and could prove to be a tough assignment. Special policies should be formulated in regard to pastoralist communities and their needs. In any case, donors, NSAs, and Government should not attempt to change their culture and way of life but should implement policies specific to their needs. It has for example been reported that Government forces have confiscated and taxed livestock of pastoralist because they were crossing national boundaries. An important improvement is the Pastoralist Community Development Program (PCDP) which is actively implemented by the Government and has led to improving water availability and quality for pastoralists. The CTF members feel that the Government has made a good commitment in working together with them to achieve the MDGs although major challenges remain. Especially at the *woreda* and *kebele* levels the interaction and coordination amongst the competent authorities and the intervening NSAs should be improved. The NSA actors see a major responsibility for themselves in this regard and commit themselves to be approachable and communicative on the local levels with Government officials. Furthermore all CTF members remain fully committed to fighting for the MDGs. Their expertise in the respective MDG areas enables them to pro-actively contribute towards achieving the MDGs.

The CTF members are of the opinion that the EC's intention to restart GBS is one that needs clarification. In the light of the well functioning PBS program the members wonder which circumstances have prompted the EC to make this move to GBS.

#### EDUCATION

All CTF members are highly appreciative of the Government's efforts to increase the enrolment ratio of education throughout the country as they see that this struggle is successful. Enrolment ratios of 97% for basic primary education have been reported. This is seen as a big improvement which needs to be widely acknowledged but is also seen to have deteriorated the quality of education. Enhanced training and better pay for teachers is seen as key to resolve this issue. It is much appreciated in this regard that the Government has acknowledged the quality issue and is currently working through the General Quality Education Program (GQEP) to improve on it. The coverage of schools is lagging behind in some areas where children have to cross great distances to get to school. This threatens the overall commitment of families to send their kids to school. In order to attract more children to school in rural areas water facilities should be established at the school compound so that children can combine learning and fetching water. School feeding programs are seen as a great way to attract children to attend classes. The rise of private education may have some adverse effects on the quality of education since these schools are reportedly trying to attract the talented teachers away from the public schools into the private ones. Also, the



reports on the refusal of some private schools to teach in the local language are seen as a negative development by the CTF members.

Although the steeply increasing enrolment ratio has to be acknowledged, some regions, such as the Somali and Afar region, are seriously lagging behind. Among pastoralist groups the enrolment ratio is below 50%. An alternative approach to education in terms of schooling hours, location, and curriculum needs to be formulated and implemented with regard to this particular group. The Alternative Basic Education System is encouraging in this regard. Mobile schooling may be an inventive way to boost enrolment ratio amongst pastoralist groups. As human resource is a critical problem in the pastoralist area short and long term solutions should be established. Teachers who are working in the pastoralist area should get incentives, such as enhanced salary levels, to improve the quality of education. In the long run the locals should be well-trained in order to address the human resource gap. Education is seen by all members to be the basis for the development of Ethiopia, and for any successfully developing country in the world. Apart from better training and pay for teachers other practical recommendations are put forward. These include providing every teacher with a simple computer to be used for new courses on computer utilization. Of course this also requires an investment into the infrastructure in order to connect the school to the internet. Connecting Ethiopia to the outside world through the internet is vital for the country to benefit from the globalisation.

#### **WATER & ENERGY**

It is widely recognised that the country-wide availability of water resources is sufficient but that the distributive infrastructure is poorly developed. Improving on this point requires a vast effort by all interested parties and is considered to be the solution to one of the most pressing root causes of poverty and food insecurity. Much is possible in terms of small-scale irrigation projects and hand dug wells. This should be encouraged and expanded by the GoE. This approach is proving to be successful in some areas, also with the aid of the PBS program. The increased attention of the Government to develop hydropower are highly valued and appreciated by CTF members. Especially when the same water resources are used at multiple power generating points the cost-effectiveness improves while the environmental costs are minimized. It is recommended to further expand this effective use of hydropower. Apart from the expected gains from hydropower other sources of energy can be highly effective in specific areas. For example, in the Somali region, solar power could be used to power water pumps. This potential should be further exploited by the GoE and the donor community, especially the EC. The EC could further facilitate this process by applying European techniques on sustainable energy in Ethiopia. This could be of mutual advantage. Especially in the rural areas the availability and quality of water remains problematic. However, it has been reported that in some projects in the Tigray region, carried out by a CTF member, the water supply distances have been reduced from a 6 hour walk to a 30 minutes one. This shows that the NSAs in Ethiopia are indeed important partners for the development of the country.

#### **HEALTH**

Although it is widely acknowledged that the health sector is underdeveloped in Ethiopia it is also seen that the coverage of health services has increased. However, the quality of the health services is an area of concern as well as the availability of the appropriate equipment to deal with the health challenges. On the financial side it has been reported that the cost of health care treatment as such is quite fair but that the cost of medication is the real problem. Special pharmacies with revolving drug funds, which are part of the government's health care financing policy, have, so far, had good results in reducing costs and ensuring supply. The current waiver and exemption programs are encouraging but the implementation of these programs remains



problematic. As indicated in the CSP the Government will review the cost policy of health care. The members are wondering what has been the result of this review. Furthermore, a diversified approach with regard to medication costs should be pursued. Persons with disabilities, children, and elderly would deserve extra financial compensation in this respect. It has been reported that the elderly have to wander the streets as beggars in order to pay for their medicine. This means that an elderly-specific policy and implementation has to be established to alleviate their suffering.

It has been reported that rural health clinics established by the Government have remained unoccupied for some time and have fallen into decay since there is no staff or equipment available. A strong incentive, including on the financial side, should be made in order to attract qualified medical staff to work in these facilities. However, in the long run an active program to train locals could be the solution to the rural health care challenges. Furthermore, more mobile health centres should be set up in order to facilitate the health needs of pastoralists. Such do already exist in the Somali region and ‘camel ambulances’ have been set up in the Afar region. The Somali model is successful but expensive and do currently not provide enough coverage. Furthermore, the EU and the GoE should have more focus on the health extension package implementation and the reduction of mortality stemming from HIV/AIDS, malaria, and other health hazards.

Universal access to sexual and reproductive health, one of the most cost-efficient health interventions, should be promoted as a central means to achieving the MDGs, particularly the health related targets on maternal and child mortality, but also targets on gender equality and education. In this regard, increased support should be provided to the National Reproductive Health Policy 2006-2015.



### CONCLUDING REMARKS: CAUTIOUS OPTIMISM

This section is by no means meant to revisit the specific issues raised in the main body of this report. Instead, it deals with the major features and overall spirit of the report.

Great acknowledgement should be given to the GoE for the many improvements witnessed in sectors such as education, transport, and gender equality. Together with the development cooperation granted by the EC, for which the CTF members are grateful, the GoE has made encouraging steps and seems still committed to the development process of Ethiopia. From the side of the EC, its ongoing commitment is highly appreciated by the NSAs. So, the tendency of this report is one of cautious optimism. ‘Cautious’ because the CTF members still identify many areas in which considerable improvement could be made by themselves, the EC, and the GoE. Such issues include the adverse effects of the incoming CSO law on the working areas of many CSOs in Ethiopia and which seriously threatens the development of the country. Other topic areas in which the CTF members see still huge challenges are the pervasive food insecurity, the devastating impact of global warming, and the continuously narrowing political space in Ethiopia.

In order to face these challenges, the CTF members remain committed to meaningfully engage with the EC and the GoE on all these issues. A more pro-active and professional input is needed from the members to achieve this goal. Furthermore, the past activities of the CTF members show what potential they have for the grassroots development of Ethiopia. For a meaningful engagement to arise the other partners – the EC and the GoE – should also remain committed to the objectives and legal framework of the CA.

As the EC has proven many times in the past, it can work actively to promote the work of NSAs in Ethiopia. However, timely information sharing and transparent decision-making are important to make the partnership for Ethiopia between the NSA, the EC, and the GoE capable of meeting the CA objectives. The CA and the CTF framework provide a unique opportunity for all the parties to work together for a better Ethiopia. **The CTF members, with a cautiously optimistic mindset, are prepared and fully energized to work towards a better Ethiopia by contributing to the poverty reduction in the country and by engaging in a genuine engagement and partnership with the EC and the GoE.**



## LIST OF RECOMMENDATIONS

This section puts together the recommendations which are raised throughout the report and lists them. This helps the reader to identify them and serves the purpose of clarity. The recommendations will be presented in the order in which they are featured in the report.

### General Topics

- ❖ Overall EU development cooperation and its visibility
  - To increase EU development cooperation visibility the EU should make more use of mass-media, work more with mass-based organizations and organizations working at grassroots level, work more with more diverse NSA organizations, and stimulate regional workshops such as those conducted by the CTF.
- ❖ Quality and direction of the tripartite dialogue
  - NSAs and GoE should strive to set up more dialogue structures at different levels of Government such as at the *woreda* or *kebele* levels.
  - NSAs should strive to give more united, professional, organized, and prepared input into the tri-partite dialogue.
  - EC should be more supportive to the CA objective of meaningfully engaging NSAs into the tri-partite dialogue. This includes a timelier sharing of information.
  - The GoE should be more willing and facilitating to a meaningful exchange and dialogue on pressing issues with other key social actors. This is also related to information sharing.
  - The NSAs should receive seats on the various steering committees of the EDF Programs.
  - All parties should agree on common terms of reference on the concepts used in the CA.
- ❖ Civil Society Organizations/Non-State Actors
  - NSAs have to remain critically inward looking: an ethical NSA sector is the goal.
  - Donors, including the EC, should not back down from extending or making available support for NSAs wishing to engage in areas indicatively sanctioned for non-local CSOs under the new CSO law.
  - The EU should increase its fund to support capacity strengthening and governance related works of NSAs.
  - The CTF members should be consulted in the upcoming CSF evaluation round.
  - TAU of CSF should shift its activities to more practical assistance to NSAs.

### Specific Topics

- ❖ Political developments
  - The EU should play a more pro-active role in using its political leverage to engage in dialogue with the GoE to ensure a wider political space.
  - The GoE should lift some of the restraints which narrow the political space such as the string of legislation (such as CSO, anti-terrorism legislation) and should ensure media freedom.
  - NSAs should engage in the political process in a meaningful, respectful and non-partisan way.
- ❖ Private business sector
  - More promotion abroad is needed for Ethiopia and its investment possibilities.
  - A more interesting and harmonized tax and regulatory scheme should be put in place for investors.
  - Entrepreneurial skills should be further introduced in the educational curriculum.
  - More research and statistics are needed in order to inform Ethiopian entrepreneurs about the business possibilities, mainly in the export sector.
  - The linkage between agriculture output and industry should be the focal point of a new industrial policy for Ethiopia.



- The accessibility of funding for the business sector should be more improved.
- ❖ Transport
  - Where possible, all road construction contracts should be awarded to local contractors. Specifically, more capacity-building should be put in place for the sector and if necessary a company start-up in this area should be initiated by the GoE.
  - Options for Ethio-Djibouti railway should be carefully studied before any new decision is made. If necessary the options for a state-run concessionaire should be studied.
- ❖ Gender Equality
  - The stakeholders should work more closely with religious leaders and traditional chiefs in order to connect with the rural people about gender equality.
  - The JAR should display more detailed overview of what the EC and the GoE have been doing in the past year; it should be an *annual* review of practical progress on the issue.
  - The implementation of the CSO legislation should leave space for NSAs to deal with gender equality since they can raise great awareness on issues of gender equality.
- ❖ Population growth & environment
  - As for gender equality: the contact with religious leaders and traditional chiefs is key to raise awareness on this issue.
  - The donors, specifically EC, should give more funding to solve environmental issues since it is a pressing issue in Ethiopia at the moment. The EU should make environmental issues a focal area of their development cooperation.
  - More research is needed in Ethiopia to assess the environmental impacts in Ethiopia and the solutions.
- ❖ EPA negotiations
  - A larger regress period is needed before an EPA is signed, at least until 2015.
  - The capacity-building of private business is needed before an EPA can be signed by the Ethiopian government.
  - More research is needed on the impact of signing an EPA in the Ethiopian context.
  - In the end, Ethiopia should strive, under the right conditions, to sign an EPA with the EU.
- ❖ Agriculture & food security
  - The PSNP should be accompanied by sound accountability procedures and an effectiveness assessment; the EU should make its donations to the program dependant on these conditions.
  - The coverage of the PBS and the PSNP should be expanded.
  - Setting-up livestock centres and shifting agricultural production to value-intense crops could be extremely important.
  - Specific policies with regard to pastoralists have to be put in place which respect their way of life.
  - At the *woreda* and *kebele* levels there should be a more intense dialogue between the competent authorities and the intervening NSAs.
- ❖ Education
  - Improving teachers' pay and offering them more training should be undertaken in order to increase the quality of education.
  - In rural areas school coverage should be further improved.
  - Water facilities and school feeding programs should be put in place in order to attract more parents into sending their children to school.
  - Mobile schooling with an alternative curriculum should be put in place for pastoralists.
  - Every teacher should be equipped with a computer so that Ethiopia's youth can be connected to the worldwide IT revolution.
- ❖ Water & energy
  - Small-scale irrigation projects are a key solution to help alleviate food insecurity.



- The employment of hydropower should be further stimulated.
- In some area more should be done to stimulate alternative sources of power, such as solar power.
- ❖ Health
  - Cost of medication should be revised further as committed to in the CSP.
  - Special cost reduction plans for vulnerable groups such as elders and disabled should be put in place since they are the hardest hit. Existing waiver and exemption programs should be more effectively implemented.
  - Pay incentives for medical staff should be put in place to work in rural areas.
  - In the long term the focus should be to educate locals in the rural areas on health care.



## ANNEXES

### ANNEX I – DESCRIPTION OF CTF

#### Background

The Cotonou Agreement, which was signed in June 2000 in Cotonou, Benin, is in many ways a unique document from the previous conventions as opposed to the traditions of cooperating exclusively with central governments by giving recognition to the important role of Non-State Actors (NSAs) in the development process of their own country. The Cotonou Partnership Agreement is a 20 years comprehensive trade and development agreement between 77 African Caribbean and Pacific countries and 15 countries of Europe. One of the innovative features of the new ACP-EU Partnership Agreement is the emphasis put on the importance and participation of Non-state actors (NSA) in the development and democratization process. However as in most countries in the Horn of Africa, there remains a lack of awareness on this partnership Agreement amongst NSA and general population of Ethiopia. In order to make full use of this cooperation tool and exploit all its relevant provisions and instruments, the first consultation meeting between civil societies, the EC and the Ethiopian Government on the Cotonou Agreement was organized in Addis Ababa by Africa Peace Forum, Inter Africa Group and Safer World-UK in 2001. These consecutive meetings led to the **creation of an interim Civil Society Cotonou Task Force**, previously comprised of nine members (currently 17 members), and with the responsibility of engaging in tripartite dialogue with the EC Delegation and the Ethiopian Government and civil society with their constituencies on Cotonou related issues.

The Cotonou taskforce (CTF) is now in its fifth year of operation and since then, it has gone from strength to strength and now has its own functioning secretariat. It has played an active and crucial role in guiding the direction of the Civil Society Fund and tripartite dialogue among development actors. Plans for the future include ensuring stronger collaboration and participation by all in the development of the next Country Strategy Paper (CSP), National Indicative Programme (NIP) and Joint Annual Report (JAR) among many areas of joint agreement. Conducting assessment on capacity building of civil society and cooperation policies, organizing workshop and training in all regions of Ethiopia to create awareness on Cotonou, Economic Partnership Agreement (EPAs) and increasing its membership base and the overall organizational and institutional strengthening of the taskforce itself has been found crucial.

Throughout its operation since its establishment until late 2007, the Inter Africa Group, during which it had implemented several networking, had hosted the CTF Secretariat and coordination activities as well as a small grants project funded by the EC Civil Society Fund. Currently the CTF Secretariat, now fully equipped with employed staff and required logistics, is housed in the premises of the Poverty Action Network of civil society in Ethiopia (PANE) and is operating under the overall leadership of the Cotonou Taskforce and its General Assembly. At present, its operational cost is covered from a large grant project being implemented through a contract signed between PANE and the EC. The funding provided from the EC Civil Society Fund is expected to run through 2008 and 2009, during which the CTF will be implementing plans to undertake strengthened outreach, networking and coordination involving wider civil society groups as well as strengthen its institutional set ups.

Overall aim of the CTF



To facilitate and ensure full perception & effective participation of all Ethiopian NSAs in the Cotonou Partnership Agreement and its benefits towards sustainable development processes.

#### Specific Objective

To coordinate the creation of all inclusive forum for Ethiopian NSAs and facilitate/accelerate the ongoing tripartite dialogue in the framework of the Cotonou Agreement

#### Organizational Set-up and leadership mandates

- The General Assembly that created the current task force is the highest body of the CTF.
- The Chair and Co-chair, which is elected by the General Assembly, shall serve as the Executive Committee of the CTF and exercises closer monitoring services & provide guidelines to the Secretariat
- The CTF has the mandates to form various sub-groups as CSF Steering and evaluation Committee, Human Rights Sub-group from among itself or other members of NSAs for better facilitation/coordination of actual project activities
- The secretariat/office bearers are employed by the CTF to effectively implement the planned project activities on daily basis to meet its objectives.

The major tasks of the CTF and its Secretariat are;

- Establishing a more proactive Civil society Committee;
- Ensuring mobilization of Civil Society expertise in various processes, national and regional;
- Involving in consultation on cooperation policies and strategies and political dialogue;
- Facilitate and coordinate the role of NSAs in programme implementation, appraisal, review etc.
- Involve in the implementation of cooperation projects and programs;
- Developing a framework for civil society on how to have a structured consultative meeting with the EC and Ethiopian Government;
- Acting as a medium between the Civil Society, EC and MoFED basically to disseminate information;
- Research on strengths and weaknesses of NSAs and how might be addressed;
- Create documentation center and retrieve relevant information for the use of members and others;
- Compiles, exchange and disseminate information on Cotonou and its processes for the NSAs operating in Ethiopia and ACP countries at large;
- Undertake other relevant activities in tandem with the ACP-EU partnership Agreement. ( organize awareness raising and sensitization programs to inform CSOs around major national and International agenda including Cotonou

The expected outcomes for Ethiopian NSAs would be:

- Awareness creation among the NSAs on the Cotonou Agreement and its provisions;



- Increased capacity to engage in the development and democratization process of the country,
- Strengthened independence and self-sufficiency through improved coordination and networking;
- Improved perception on Cotonou and other cooperation agreements in which Ethiopia is signatory;
- Improved capacity to dialogue with the Government and the EC on the implementation of CSP, NIP etc.

The current member organizations of the CTF are:

- Ethiopian Teachers Association (ETA)
- Poverty Action Network of Civil Society Organizations in Ethiopia (PANE)
- Agar
- Addis Ababa Youth Association (AAYA)
- Tri-Dimensional View (TDV)
- Africa Peace and Conflict Management Study Center (APCMS)
- Professional Alliance for Development in Ethiopia (PADET)
- Ethio-Skills Association
- Christian Relief Development Association (CRDA)
- Save the Rural Society (SRS)
- Pastoralist Forum Ethiopia (PFE)
- Association for Forced Migrants (AFM)
- Association for the Prevention and Management of Conflicts (APMC)
- Oromia Development Association (ODA)
- Ethiopian National Forum for Rural Transport and Development (ENFRTD)
- Organization for Social Justice in Ethiopia (OSJE)
- ActionAid Eta
- Oromo Self Help Organization (OSHO)
- Relief Society of Tigray (REST)
- Initiative Africa
- Reay Ethiopia
- Chamber of Commerce
- Network of Ethiopian Women Association (NEWA)
- Vision Ethiopian Congress for Democracy (VECOD)

#### Current Secretariat Status & Location

Since its establishment and until late 2007, the Inter Africa Group had hosted the CTF Secretariat. Currently, the CTF Secretariat is better equipped and with basic staffs is housed in the premises of the Poverty Action Network of civil society in Ethiopia (PANE) and is operating under the overall leadership of the Cotonou Taskforce and its General Assembly. At present, its operational cost is covered from a grant project won from the last calls for proposals, being implemented through a contract agreement signed between PANE and the EC.

For more information please visit [www.ctfethiopia.org](http://www.ctfethiopia.org)



## ANNEX 2 – USED QUESTIONNAIRE FOR INTERVIEW CONSULTATION ROUND

Name of Organization:  
Name of Official:  
Focus area of organization:  
Date:

### Introduction & instruction

*Thank you very much* for taking time to answer some of our questions. It will enforce the NSA input in the coming JAR consultation meetings with the CTF, EC and the GoE. Please only answer those questions on areas on which you have some experience, information or affiliation. It is no problem to leave some questions unanswered if they fall outside the scope of your or your organization's expertise. We would like you to focus especially on recommendations and fresh ideas; those will be of particular value in the consultation meetings.

## I. GENERAL TOPICS

### A. Overall EU development cooperation & awareness

- 1) How do you value the overall involvement of the EU in the development process of Ethiopia for the past 33 years?
- 2) Do you experience that your constituents are aware of the considerable role the EU plays in the development process?
- 3) Taking into account that the EU is Ethiopia's second largest donor; do you feel that its visibility is large enough to reflect that prominent position?
- 4) To what extent do you experience that the EU development aid is pro-poor in the Ethiopian context?
- 5) Are you aware of the CSP, NIP, and the MTR and JAR processes?
- 6) Do you think that CTF regional workshops and the current visibility CfP of the EU has/will contributed/contribute something to the visibility of EU development cooperation?
- 7) What could be done to enhance the appreciation and visibility of EU development cooperation in the future?

### B. Quality of tripartite dialogue

*JAR: NSAs participated pro-actively in the design of the AAPs 2008 and 2009 and also contributed to the preparation of the JARs. (p. 5) The Draft JAR 2008 Report itself was extensively discussed with NSAs in a tripartite Meeting of Government, NSAs and the EC in which NSAs made substantive contributions on the subjects of the CSO law, the growing problem of urban poverty, rural access, road safety, education, gender and private sector development. These contributions are reflected in this Report. The tripartite governance structure of the CSF facilitated this dialogue. (p. 34)*

- 1) How do you value the current quality of the tripartite dialogue (EC-GoE-NSAs)?
- 2) Do you feel that the three partners are equally represented and empowered in the dialogue?
- 3) In what ways could the quality of the tripartite dialogue be further enhanced?
- 4) On what issues do you suggest the tripartite dialogue should be focused?

### C. Private business sector



JAR: the private investment rate fell progressively from 8% of GDP in 2004/5 to only 6% in 2008/09. (p. 8/9)

- 1) How do you value the current role that the private business sector is playing in the development process of the country?

JAR: The World Bank report on “Doing Business in 2009” places the Ethiopian regulatory environment on 116<sup>th</sup> out of 181 countries. In terms of the ten specific categories assessed in the report, Ethiopia’s best scores were for the ease of paying taxes and their cost (37<sup>th</sup> in the world), closing a business (74<sup>th</sup>), enforcing contracts (78<sup>th</sup>) and protecting investors (113<sup>th</sup>). Ethiopia ranked worse than its overall score on starting a business (118<sup>th</sup>), obtaining credit (123<sup>rd</sup>), trading across borders (152<sup>nd</sup>), and registering property (154<sup>th</sup>). The latter two in particular deter foreign investment. (p. 8)

- 2) What are the current challenges and opportunities which confront the private business sector in taking part in the development process?

JAR: Support to the private sector is foreseen (in the AAP 2009) through assisting the government’s private sector development programme, managed by the Ministry of Capacity Building in cooperation with German GTZ. (p. 25)

- 3) To what extent does the private business sector feel supported by the GoE and the EC in terms of capacity-building? Do you feel that the contribution to be made from the AAP 2009 is adequate?

JAR: The latter is the reflection of a frail private sector whose potential remains to be unleashed, and explains why in 2008 Government started to reflect on policies that would provide more effective stimulus to private sector development, including by developing a new industrial policy and agricultural growth policy, i.e. through growth corridors. (p. 9)

- 4) What should be the key actions envisaged in a new industrial policy?
- 5) In which ways could the private business sector be further involved in the development process of the country?

#### D. Non-State Actors/Civil Society Organizations

- 1) Does the current working environment for NSAs/CSOs enable them to effectively contribute to the objectives of the EC-Ethiopian cooperation?

JAR: There has also been disagreement between the Government of Ethiopia and the development partners on the impact of the 2009 new CSO law. In consultations with the Cotonou Task Force, also Non-State Actors expressed concern regarding provisions of the CSO Law and its possible impact on the enabling environment for NSAs active in the governance arena. (p. 3)

- 2) In which ways does the new CSO legislation affect your organization and your constituents?

JAR: Given the successful tripartite structure (Government, civil society, EC), the CSF should be strengthened. Under 10<sup>th</sup> EDF, a further € 10 million is allocated for the NSA Support Programme which will be designed to take advantage of the best practices and lessons learned that will be documented in an independent evaluation of the current programme scheduled for October 2009. (p. 27)

- 3) Do you feel that EU has allocated reasonably sufficient resources for the NSA/CSO sector?
- 4) How do you value the non-financial efforts of the EU to support civil society organizations? Particularly: the support that the CSF TAU gives to NSAs.
- 5) In which ways could the working environment for CSOs be more enabling for their contribution to EC-Ethiopian cooperation?



## II. SPECIFIC SUBSTANTIVE TOPICS

### E. Transport

- 1) How do you value the actions taken by the GoE and the EC in developing the road network?
- 2) Do you think that these actions do sufficiently stimulate interregional connectivity?

*JAR: A recent study demonstrated a causal linkage between investment in transport and a reduction of poverty in Ethiopia. Consequently, transport indicators were also included in the Protection of Basic Services Programme II – the main poverty alleviation multi-donor programme of the Government, supported also by the EC. (p. 4)*

- 3) How do you value the decision to include transport indicators in the PBSII?

*JAR: In 2007/2008 the participation of local contractors in road construction contracts increased, reaching 58% of value and 69% of the number of contracts. (p. 4)*

- 4) Which specific actions should be taken to stimulate the share of local contractors in road construction?
- 5) How do you value the actions taken by the GoE and the EC in maintaining the road network?

*JAR: The EC-funded minimum safety works on the existing Ethio-Djibouti railway line are progressing behind schedule and significant cost overruns are expected. Following lengthy talks with possible concessionaires Governments of Ethiopia and Djibouti are not anymore pursuing such talks. In 2008 the Government of Ethiopia began to plan new railway corridors for which the Ethiopian Railway Corporation (ERC) was created. A new standard gauge corridor to Djibouti (parallel to the existing one) is part of their plans for new developments. Such a new railway line on the same alignment would make any further expenditure on the existing track redundant. (p. 4)*

- 6) To what extent do you think the GoE and the EC should keep giving priority to the development of an Ethio-Djibouti Railway?

*JAR: the Government announced its intention to link within the next 7 years all of its 16,000 to 17,000 kebele centres to all-weather roads. This signifies a shift in focus from expanding and improving the federal and regional road network to improving rural access. (p. 23)*

- 7) How do you value this shift in Government policy?
- 8) In which ways could the road/rail development and maintenance be further improved?

### F. Macro-economic situation

*JAR: Ethiopia's economy entered the year 2009 with serious macro-economic imbalances, created by high international prices occurred in 2007-08, lower rainfalls in 2008 and the secondary effects of the global crisis. This began to threaten the sustainability of poverty reduction and the continuation of five years of economic growth that averaged 11% annually and which had delivered important progress on human and social indicators (see section below on Social indicators). In addition, in 2009, the impact of the financial crisis also hit Ethiopia where remittances, FDI and export earnings started decreasing. (p. 7)*

- 1) How have the macro-economic balances and the global economic downturn affected your organization and its constituents?

*JAR: As a result of a forceful monetary and fiscal intervention, in line with the IMF's recommendations, and due to a prompt intervention by the aid community, the Ethiopian macroeconomic situation is now recovering. The measures taken by the Government included the*



*elimination of fuel subsidies, introduction of a frequent adjustment policy to petroleum prices and public utility tariffs, zero domestic borrowing by the general government, limits on public enterprises borrowings and exchange rate adjustments. The key policy objectives to bring inflation down sharply and partially rebuild reserves have been achieved, with year-on-year inflation declining to 3% in June 2009 (aided by falling food prices), and foreign reserves ending the 2008/09 fiscal year at 1.8 months of import cover. (p. 8)*

- 2) How do you value the actions taken by government to improve the macro-economic situation?
- 3) What should be the key actions to be taken up by the GoE and the EC to improve the macro-economic situation?
- 4) What could be the contribution of NSAs to improve the macro-economic challenges?

#### G. Gender equality

- 1) How do you value the current state of affairs concerning gender equality?

*JAR: a major problem in ensuring gender equality in Ethiopia is in the enforcement of existing laws. (p. 18)*

- 2) How could NSAs, in particular your organization, help with the enforcement of existing laws on gender equality?
- 3) In which ways could gender equality be further enhanced?

*JAR: Many civil society organisations are playing an important role in gender related issues such as in encouraging the enforcement of the policy of gender equality and doing advocacy work. In the EC view, the adoption of the new CSO Law might pose limitations to these activities. In the government's view, this area will not be affected. (p. 18)*

- 4) Do you experience that organizations working in the field of gender equality, such as your organization, are affected by the new CSO Law?

#### H. Population growth & Environment

*JAR: At current growth rates Ethiopia's population increases annually by 2 million which puts strong pressure on public service delivery, food security and the environment. (p. 2)*

- 1) How do you value the current state of affairs concerning population growth and environment?

*JAR: it is encouraging that the PBS programme is substantially contributing to the spread in rural contraception from 25% in 2005 to some 50% today. (p. 3)*

- 2) What trend in fertility rates do you witness amongst your own constituents?
- 3) In which ways could population growth be further reduced thereby minimizing its impact on environment?
- 4) Do you think a separate and analogous fund to the CSF should be established for this topic area?
- 5) Do you think environment should become a focal area of the EU development cooperation in Ethiopia?

#### I. EPA negotiations

*JAR: Due to the fact that Ethiopia has so far not signed an interim EPA agreement in the framework of the ESA-EPA negotiations from 2008 Ethiopia has no longer been covered by the Cotonou trade arrangements. Instead, Ethiopia benefited from the EU's "Everything but Arms" GSP trade regime, under which Ethiopia has free duty- and quota-free access to the EU. EPA negotiations continue in 2009. (p. 13)*

- 1) How do you value the decision of the GoE not to sign an interim EPA?



- 2) Are there any alternatives to the EPA available for Ethiopia?
- 3) Are you aware of consequences to your organization and constituents if the EPA would be signed by the GoE?

*JAR: Involvement or inputs by civil society into the (EPA) negotiations was limited, although a number of consultations took place, in particular with private sector representatives and the Ethiopian parliament. (p. 13)*

- 4) In which ways could your organization contribute to a stronger input of NSAs into the EPA negotiation process?
- 5) Do you have any suggestions on the way out of the current state of affairs concerning the EPA negotiation for Ethiopia?

#### J. Agriculture & food security

*JAR: At the same time the agriculture sector has been supported by policy and programmes that have led to better access by farmers to, and better use of, modern agricultural inputs. The Government's commitment to rural development is reflected in its budget: expenditure for rural infrastructure, agriculture and rural development has been around 25% of total spending. (p. 3) Total recipients of food aid and PSNP benefits accounted for 17% of the population, a percentage slightly lower than the 19% experienced in 2003. (p. 4)*

- 1) How do you value the current approach and effort by the GoE and the EC to use the PBS and PSNP programs to stimulate agricultural output and food security?
- 2) Specifically; what is your assessment of the functioning, effectiveness, and accountability of the PSNP?

*JAR: Partnerships with Civil Society Organisations have, in recent years, been the flagship for developments and progress towards meeting the MDG goals. (p. 14)*

- 3) From your experience, can you confirm this statement?
- 4) Which actions could your organization take to further engage in the progress towards meeting the MDG goals?
- 5) What lessons has your organization learned in related activities which could be helpful for the future policy of the GoE and the EC?
- 6) What recommendations do you have to further develop agricultural output and ensure food security?

#### K. Education

*JAR: In Education, the goal of achieving universal primary education is expected to be met (Gross Enrolment Rate in primary education is reported to be 91.6%). Despite these achievements, there is still considerable work to be done in improving education quality which continues to be a major cause for concern. (p. 15)*

- 1) How do you value the current enrolment ratio and quality of education?
- 2) How do you value the current approach and effort by the GoE and the EC to improve the enrolment ratio and quality of education?
- 3) What recommendations do you have to further improve the enrolment ratio and quality of education?

#### L. Water & energy

- 1) How do you value the current utilization of water resources?
- 2) How do you value the current coverage and quality of potable water and electricity?
- 3) How do you value the efforts by the GoE and the EC to increase hydropower?
- 4) In which ways could NSAs, in particular your organization, work towards an increased availability and quality of water and energy?



*JAR: Due to decreased water levels, however, the country faced serious power cuts in 2009 leading to rationing of electricity (load shedding). Load shedding has had a negative knock on consequence on the environment resulting in more biomass being consumed for energy production at household level and increased number of factories and enterprises reverting to the use of fuel generated power. (p. 17)*

- 5) Which energy alternatives and strategies could help to alleviate the current energy challenges linked to scarce water recourses?

#### M. Governance & Political situation

*JAR: An EC PFM review in 2009 concluded that most procedures for the administration of public funds remain robust but that the external auditing and procurement function needed strengthening. Government is addressing this weakness with donor support. (p. 2)*

- 1) How do you value the current external audit and procurement procedures carried out by the government in relation to managing public funds?
- 2) Do you feel that your organization can participate in the political process?
- 3) Does the new CSO legislation affect your organization's ability to participate in the political process? If so, how?

*JAR: The Government of Ethiopia has committed itself to improving electoral standards and infrastructure for the 2010 general elections by building on lessons learned in the 2005 and 2008 elections... The DAG Governance Technical Working Group carried out its own assessment of governance trends in 2008 and raised concerns about the perceived narrowing of the political space for opposition voices in preparing for the General Election. (p. 3)*

- 4) If you compare the political space leading up to the upcoming 2010 elections with that of the 2005 and 2008 elections; what differences do you witness?
- 5) What recommendations do you have to improve the political process in Ethiopia?
- 6) Do you think the focus of the ongoing and planned EDF programmes in the governance area is adequately chosen and reflects the most urgent need?
- 7) Do you think the overall governance situation is conducive for the implementation of the ongoing and envisaged EDF programmes?

#### N. Health

*JAR: the achievement of health MDG's will require more effort and financing as the overall spending in health at the Federal level is low. (p.2)*

- 1) How do you value the current quantity and quality of health services?
- 2) What solutions do you propose to further increase the quantity and quality of health services?

*JAR: While the progress to date (see Table 3 above) should not be underestimated, significant challenges remain in improving quality and access to health services. Key indicators to monitor include the number and access to health professionals, maternal mortality, sexual and reproductive health. (p. 16)*

- 3) In which ways could NSAs, particularly your organization, contribute to the advancement of these key indicators?

#### O. Additional comments

- 1) Could you give any additional comments, recommendations, or ideas concerning the topics featured in this questionnaire or other topics relevant to your organization?



ANNEX 3 – SUMMARY OF CSP/NIP 2008-2013

*Introduction on summary*

This summary gives a very brief impression of the CSP/NIP 2008-2013 for Ethiopia. Exactly because it is a summary it is also selective; certain topics have not been included. This document is specifically geared towards the interests of NSAs and can therefore not be serving as a summary for another target audience. Furthermore the structure of the CSP/NIP has not been incorporated into this document; instead different issues were merged under paragraph headings for the sake of clarity and coherence. In any case, we hope it may facilitate NSAs in assessing the underlying document. It should be noted that this document reflects the state of affairs at the point in time when it was drawn up: 2007.

*Quick overview: EC focal sectors & related funding from 10<sup>th</sup> EDF*

Sectors	Indicative funds in € million
EC focal sectors & subdivisions	
1. <u>transport and regional integration</u>	<u>250</u>
A. transport	220
B. private sector development and trade	30
2. <u>rural development and food security</u>	<u>130</u>
A. support to PSNP	100
B. support to agricultural markets and livestock development	20
C. management of natural resources	10
D. rural-urban linkages and urban development	
E. rural electrification	
3. <u>macro-economic support and governance</u>	<u>244</u>
A. strengthening socio-economic governance	195
B. strengthening democratic governance	49
I. capacity-building in democratic institutions & judiciary	29
II. institutional support to NSAs (CSF)	10
III. promotion of gender equality	10
EC non-focal sectors	
1. <u>environmental, biological, and cultural heritage conservation</u>	<u>10</u>
2. <u>de-mining action</u>	<u>5</u>
3. <u>technical cooperation facility</u>	<u>5</u>
<b>Total indicative funds: A envelope</b>	<b>644</b>
<b>Further flexible funds: B envelope</b>	<b>30</b>
<b>Total funding from 10<sup>th</sup> EDF</b>	<b>674*</b>

*\* For the sake of clarity it should be noted that this does not include other EU funds such as from the EIB or RIP.*

*Introduction*

The EC and the EU Member States have drawn up a Joint Response Strategy to coherently support the GoE with attaining the MDGs as much as possible aligned with PASDEP. The main aspects are faster and sustainable economic growth, increasing poverty-targeted expenditure, higher exports, lower population growth, increasing infrastructure, strengthening democratic processes, enhancing the position of women, and reversing environmental degradation. The CSP/NIP outlines the EC's contribution to this process.



*Post 2005 election process*

After the difficult period following the 2005 elections, the GoE has taken steps to achieve a pluralistic and democratic society and political system. The GoE endorses human rights and an all-inclusive political system with a place for opposition parties. Crucial for the EU were the reform of the NEB and the acknowledgement of the right of free expression and media. Since the 2005 election the relationship between the GoE and NSAs has improved. However, more trust is needed between these different players. An improvement of the institutional environment for NSAs is a priority for donors and NSAs. A new federal NGO law will permit legalization of NSA networks or umbrella organizations, allow income-generating activities, and simplify registration. The GoE identifies the need for conceptual clarity between membership-based NSAs and those who are not.

*Transport*

The GoE is giving high priority to road transport infrastructure; this is reflected in the RSDP. Performance in this area has been impressive as the road network has been both expanded and improved. The EC disbursed a considerable amount of funding for road projects. ERA and the regional road authorities carried out well-planned maintenance programs in 2006. Weak capacity in the road sector is reflected by the fact that the funds collected for maintenance by the RFA could not all be spend even though these funds were not sufficient to cover the maintenance needs of Ethiopia's road network. The GoE and the EC stimulate the development and participation of local infrastructural companies in the expansion of the transport network. The RFA should strive to collect the necessary road user charges to cover the maintenance costs while in the meantime the GoE should close the maintenance gap. Inter-country road construction and the ongoing rehabilitation of the Ethiopia-Djibouti railway are important for regional integration and will stimulate exports which have lagged behind economic growth in the past years. A private concessionaire should be contracted to take care of maintenance and operation of the railway. The EC will particularly give support to the RSDP, with an emphasis on rural roads and maintenance, and to infrastructural works for regional integration.

*Private sector*

In the years 2002/07 it seems to have been especially public spending, supported by substantial external assistance, which has fueled economic growth with the private sector lagging behind. This tends to indicate that the GoE did not yet succeed in creating an enabling investment environment as it attempted to do. In PASDEP the GoE foresees stronger private sector contribution to economic growth by simplifying business approval processes, and stimulating property ownership, privatization, and consultations with the business community. Although NSAs are represented in the National Development and Trade Policy Forum there is room for improvement with regard to private sector representation in trade policy formulation. Strengthening Chambers of Commerce would be helpful in this respect. In the first year of PASDEP – 2005/06 – there seems to be a positive trend in new investment projects approvals. PASDEP lays out policy proposals such as a financial sector reform, improved land tenure security, and a continued privatization. Despite of these positive aspects, PASDEP does not include sufficient proposals for full engagement of the private sector. This relates mainly to privatization of key public enterprises (e.g. banks, telecommunications), foreign direct investment, and private traders' access to agricultural input supply and product marketing activities. The EC will co-finance the Private Sector Development and Quality & Standards component of the ECBP through an administrative agreement with GTZ. The main EC actions to be implemented are capacity-building and support to intermediary organizations (Chambers of Commerce, sector associations etc.), and public service bodies (relevant Ministries, Customs Authority etc.). Furthermore the EC intends to involve the private sector in the EPA, which is



currently under negotiation. The GoE's contribution to this field is to engage in a meaningful dialogue with the private sector.

#### *Rural development*

Support will be given to policies and programs which protect sources of livelihood while addressing sources of vulnerability. This will include such activities as establishing animal health services, better drought risk management/preparedness, conflict resolution mechanisms, support for livestock marketing, and support to increased grazing methods. The EC will support in developing private sector-based agricultural trade and in livestock development. The current low productivity of the plentiful livestock can be raised and thereby fully using the livestock's contribution to the economy. In the past decades agricultural GDP rose too slowly in order to meet the population growth which caused impoverishment, malnutrition, high infant and maternal mortality rates, and a low life expectancy. The GoE has, with the donor support, expanded its social service delivery programs with positive results in the areas of health, education, water supply, and sanitation. The low productivity of land and the difficulty to build up an asset base are now being addressed by the PSNP which is substantially funded by the EC.

#### *Population growth*

GoE's policies as outlined in PASDEP aims at lowering Ethiopia's high fertility rate of 5.4 in 2004/5 to 4.0 in 2009/10. Currently the Ethiopian fertility rate is one of the highest in the world although it has slightly fallen since 1990. Although awareness of family planning methods is quite high – 80% of the population is aware of such a method – the utilization of these methods is low: the contraceptive prevalence is around 20%. Although considerable fertility rate reductions have been monitored in urban areas, PASDEP recognizes that contraceptive services need to be greatly expanded. Reducing population growth rates is essential for reaching the MDG of reducing poverty by half by 2015.

#### *Health*

Health receives a comparatively small amount of public expenditure. Compared to other sub-Saharan countries the spending on health is seriously low. This is however countered by big investments in this sector by international aid bodies. In any case, the health situation has improved in the period 2002/05 which was for example reflected in falling infant mortality rates. Large problems do however prevail especially in relation to malnutrition, HIV/AIDS, the availability of health services – especially in rural areas – and the cost of treatment. PASDEP pledges to review the cost of medical treatment and medication.

#### *Gender equality*

Gender equality is far from being achieved; Ethiopia ranks at the bottom of international indexes concerning gender equality. Despite some progress, the primary education completion rates of girls are considerably lower than those of boys. FGM and HIV/AIDS are problems targeting women. Although MOWA has issued the NAPGE and a considerable portion of parliamentarians is female, the overall position of women in the public sector is still poor. Some progress has been seen in the issue of land access on death and divorce in rural areas and the acceptance of working women in urban areas. PASDEP emphasizes the need for the integration of women into the public sector. A positive aspect is that gender, women's rights and empowerment are areas in which civil society is most active, with great potential for effective work on societal and attitudinal change. The EC has set aside an indicative amount of €10 million for gender equity. A Gender Fund could be set up to manage this amount. Support will be given to enforcement of legislation on women rights and to empowering women to regulate their fertility. Furthermore the EC



intends to work on reproductive health issues in the larger context of women's access to health and education.

#### *Education*

Rapid progress is seen in the education sector with rising enrolment ratio. The enrolment ratio for secondary education and the declining education quality remain problematic. The GoE is working toward the MDG of achieving universal primary education by the year 2015. The enrolment ratio for primary education increased from 61% to 74% since 2000.

#### *Urbanization*

Urbanization is outpacing Ethiopia's capacity to provide basic services to the new urban population. Increasing poverty, high unemployment, a widening income disparity, a severe housing shortage, and poor infrastructure are results of this development. The GoE has put in place an aggressive social housing policy. In any case, the GoE pursues a strong urban agenda and regards cities as possible poles of growth and skilled workforce. The EC is committed to assist the GoE in developing good urban governance in particularly with regard to improving legal framework and justice systems, land development, land administration, and finance.

#### *Water*

In the PASDEP period substantial gains are expected with regard to water management. Under the model of the Nile Basin Initiative it aims at implementing a watershed development program, irrigation and drainage projects, and early warning systems around Lake Tana. Furthermore, PASDEP aims at increasing rural population access to potable water within 1.5 km from 44% to 80% and for urban population – applying a 0.5 km standard – from 80.6% to 92.5%. Large problems remain in the area of access to clean drinking water, to which only 34% of the population has access. The EIB has funded a €16 million drinking water project providing 500,000 people access to urban water supply and sanitation services.

#### *Energy*

With the help of water resources the electricity generating capacity should rise from 791 MW to 2,218 MW. The EIB has co-financed the Gilgel Gibe II Hydro power plant with €50 million. PASDEP also aims at launching a UEAP which aims at increasing rural electrification. Access to electric power in rural areas is still very limited but is set to extend under UEAP to 24 million people taking penetration to about 50% of the country in five years.

#### *Poverty reduction*

Measured by any standard, poverty is pervasive in Ethiopia. Significantly influenced by high population growth the absolute number of poor people in Ethiopia has only slightly decreased. However, strong economic growth and the recovery of food production have led to improvement in poverty reduction, especially in rural areas. Both income and non-income aspects of poverty, such as access to education, health, and improved nutrition, have shown some improvements. These gains were made possible by a significant increase in poverty-targeted spending which is set to further increase in the PASDEP period. This should lead to a reduction of the poverty index from 34% to 29% by 2009/10. If the GoE can maintain an annual economic growth rate of at least 7.3%, as envisaged in PASDEP, this poverty reduction goal is realistic. However, contained inflation rates and growing agricultural output are pre-conditions for the process of poverty reduction. In addition, and as foreseen in PASDEP, the GoE needs to mobilize more resources to fund to poverty-targeted expenditure by increasing Ethiopia's relatively low taxation burden of 12.2% to 16% in 2009/10.



### *Governance & human rights*

Raising professionalism, transparency and accountability will improve the capacity of institutions to deliver good governance. Monitoring systems are incorporated into the PASDEP Matrix. Improved public sector management, empowerment of certain types of civil society organizations, and decentralization to the regions are important elements of this policy. Ethiopia and several other countries in the Horn region (Kenya, Sudan and Uganda) have already adhered to the APRM, the African-led process to monitor and improve governance. The setting up of the CSF will enable NSAs to participate in the tripartite dialogue. The EC has focused on enhancing the institutional and legal environment for NSAs to operate and bringing about sustainable dialogue structures for NSAs to participate in the development process. The GoE will enact and enforce measures needed to create an enabling environment for NSAs to operate in, including a new NGO law governing the operations of NSAs in Ethiopia. The EC will contribute in the capacity-building of major democratic institutions such as the Federal and Regional Parliaments, the Human Rights Commission and the Ombudsman. Furthermore the EC strives to promote CSO activities in relation to democratization such as awareness raising, voter education, and domestic election observing. A free press, the freedom of expression, and freedom of information are crucial aspects in the democratization process. The EC has set aside an indicative amount of €29 million to strengthen democratic institutions and €10 million in support to NSAs. Under PASDEP the GoE strives to implement the Civil Service Reform Program, law and justice reform, the strengthening of local government, and capacity-building. The EC will contribute to the implementation of the Justice Sector Reform Program. The GoE will also set up an ethical and anti-corruption policy and establish a well-resourced, efficient, and independent corruption body. With regard to human rights the situation in Ethiopia does not adhere to international standards.

### *Environment*

Ethiopia ranks at the bottom of African nations when it comes to environmental performance. Low energy use and greenhouse emissions are positive aspects nonetheless. Despite encouraging efforts by donors and the GoE there is still a long way to go. The Environmental Protection Agency (EPA) has developed guidelines for environmental impact assessments and conducted a Country Environmental Assessment in 2004. However, for rural areas fuel wood consumption (charcoal), land degradation, soil erosion, watershed management, and biodiversity remain daunting challenges. PASDEP focuses heavily on urban environmental problems but also addresses these rural problems. Donors and the GoE need to step up their efforts in order to address the environmental challenges which face Ethiopia. Furthermore, although GoE is aiming to maintain, restore, and enhance the country's natural resources, it also implemented projects which did not contribute to this goal, such as commercial farming. In order to facilitate NGOs in working in remote areas on environmental issues a Natural Resource Management Fund could be set up (analogous to the CSF). Furthermore the EC intends to support the GoE in developing a supportive policy environment, necessary institutional structures, promotion of Ethiopia's natural resources, and setting up of regional bodies responsible for restoring national parks and their wildlife population.

### *Specific Ethiopian-EU issues*

As a member of the ESA Group of 16 countries, Ethiopia actively participates in the negotiations for an EPA with the EU. With regard to the 9<sup>th</sup> EDF the GoE is not entirely satisfied with the commitment and disbursements of funds. The lengthy decision making process of the EC, lack of flexibility, withholding direct budget support, and unclear regulations were also blamed for inadequacies in the EC-MoFED cooperation. Whether General Budget Support can be given to Ethiopia under the 10<sup>th</sup> EDF will be heavily influenced by progress in the governance area. The



large size of the EU's contribution to Ethiopia's development process gives the EU a comparative advantage with regard to the political agenda. Overall the EC has undertaken a leading and cooperative role in the larger donor community.

*Acronyms*

APRM: African Peer Review Mechanism

CSF: Civil Society Fund

CSP: Country Strategy Paper

EC: European Commission

ECBP: Engineering Capacity-Building Program

EDF: European Development Fund

EIB: European Investment Bank

EPA: Environmental Protection Authority

EPA: Economic Partnership Agreement

ERA: Ethiopia Roads Authority

ESA: Eastern and Southern Africa

FGM: Female Genital Mutilation

GoE: Government of Ethiopia

GTZ: German Development Organization

HIV/AIDS: Human Immunodeficiency Virus/Acquired

MDG: Millennium Development Goal

MOWA: Ministry of Women's Affairs

MoFED: Ministry of Finance and Economic Development

MW: Megawatt

NAP-GE: National Action Plan for Gender Equality

NGO: Non-Governmental Organization

NIP: National Indicative Program

NSA: Non-State Actor

PASDEP: Plan for Accelerated and Sustainable Development to End Poverty

PNSP: Productive Safety Nets Program

RFA: Road Fund Administration

RIP: Regional Indicative Program

RSDP: Road Sector Development Program

UEAP: Universal Electrification Access Program