



**Multi-Annual Strategic Plan 2012 - 2015**  
**Embassy of the Kingdom of the Netherlands in Addis Ababa and**  
**Permanent Representation to the African Union**

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The Multi-Annual Strategic Plan is a rolling document. The plan was presented by the Embassy in October 2011 and approved by the Ministry of Foreign Affairs in December 2011. During the appraisal process the focus of the strategy was enhanced and additional clarifications were received from the Embassy. These were incorporated in the final version. In some cases plans will have to be further elaborated and considered before they can be implemented as part of the strategic plan. The new policy priorities will be further developed and operationalized in dialogue with government, civil society and development partners.

## Chapter 1. Summary

Ethiopia is one of the fifteen partner countries with which the Netherlands will maintain a long-term development cooperation relationship. The foreign policy of the Netherlands is based on three priorities: welfare, security and freedom. Implementation of this policy in the partner countries requires development programmes to be in line with the policy priorities of the host country and in tune with programmes of other donors, notably EU member states.

In line with the Dutch development priorities and Ethiopia's Growth and Transformation plan 2010-2015 (GTP), in which a path towards accelerated economic and social development is outlined, the Embassy of the Kingdom of the Netherlands (EKN) in Addis Abeba selected three priority areas: (I) Security and the Rule of Law, (II) Food Security and (III) Sexual and Reproductive Health and Rights (SRHR) in the Multi-Annual Strategic Plan (MASP). Despite Ethiopia's strong economic growth and social-development, international financial flows (both investment and aid) and transfer of know-how are required to support and meet the objectives in the GTP. The 2012-2015 MASP intends to make a tangible contribution to selected targets in the GTP.

EKN identifies Ethiopia's persistent food insecurity and the related high population pressure as key challenges to the Ethiopian government and its partners. The development programme of EKN aims at assisting the country in dealing with these challenges.

In the *Food Security* sector, EKN has been a forerunner in developing public private partnerships aimed at increasing competitiveness in the agro-sector. It was also a protagonist in the development of the multi-donor Agricultural Growth Programme (AGP), and Dutch investors are pioneers in Ethiopian horticulture. Furthermore, proven added value lies in the expertise of Dutch academic institutions, some of which have long-standing cooperation with Ethiopian counterparts. Interventions should result in measurable EKN outputs and country outcomes in food security, agricultural commercialization and improved nutrition.

In the field of *Sexual and Reproductive Health and Rights*, EKN will emphasize the provision of SRHR services, taking access to Water, Sanitation and Hygiene (WASH) into consideration, in synergy with civil society partners co-financed by the Netherlands Government (MFS II), the Netherlands Water Partnership (NWP) and the Netherlands Working Group on Nutrition (NWGN). EKN has been a successful operator in this field over the past years. This focussed and integrated approach is expected to contribute significantly towards country outcomes, which should show up in future health and demographic statistics. An important objective is a further division of labour in these areas in the course of the MASP period. EKN will continue to proactively identify opportunities for the involvement of the Dutch private sector within these two spearheads and contribute to an improved business climate.

An international partner committed to Ethiopia's development cannot operate in isolation from the political context. Internally, democratic culture and practice and civic rights are not keeping pace with social and economic development. Externally, the country's position in the highly unstable Horn of Africa has an impact. The MASP therefore adopts the spearhead *Security and Rule of Law*, which aims at addressing potential causes for conflict and improving governance. These are essential in the Ethiopian context, and supportive to our contribution to poverty reduction, and stability through economic development. Impact will be enhanced by operating jointly with other partners.

As Permanent Representation to the African Union (AU), EKN will closely follow political developments that are of interest to the Netherlands. EKN will continue its partnership with the AU Commission (AUC) in the areas of peace and security, shared values and institutional capacity building.

Good Governance and gender are themes that are both crosscutting and mainstreamed within the spearheads. Also, the impact of climate change and aspects of sustainable environmental will be integrated in the programmes for the three spearheads. All the selected priority areas provide good opportunity to engage Dutch experience and value added, which will also create a conducive environment for business- to- business relations.

## **Chapter 2. Review of MASP 2008-2011**

The 2008-2011 MASP focussed on Ethiopia's development challenges in their political context. It considered that Ethiopia was a large and still poor country making impressive social and economic progress. At the same time Ethiopia was facing several challenges, including in the fields of food security and governance. It was also at risk of adverse effects caused by external crises. To assist GoE in facing these challenges, EKN chose a two track approach: a political track aimed at supporting improvements in governance as well as the regional security situation, and a social and economic track of support to poverty alleviation, fostering sustainable growth, investing in education, health and women's rights. Three priority sectors were identified: (1) Governance (including human rights), (2) Sustainable Growth and Distribution, (3) Health, HIV/AIDS.

### ***Governance and human rights***

The planned results in the field of governance were partly achieved. Governance improved in several respects and a constructive dialogue with the Government has been maintained over the years. The Cotonou Agreement EU article VIII dialogue proved to be a platform to interact with GoE on governance and human rights issues. However, some concerns, including on Ethiopia's narrow democratic space, remain. A broad-based initiative to fund civil society organizations working on governance and human rights resulted in the creation of the Civil Society Support Programme (CSSP) in 2011. The capacity building programme for Democratic Institutions (DIP) was not without impact (e.g. on the Ethiopian Human Rights Commission, EHRC) and it facilitated debate with GoE on several issues. Support to fighting corruption provided for some institutional strengthening. EKN funded successful activities in prison reform, human rights training of the police and strengthening of the judiciary.

### ***Sustainable Growth and Distribution***

Through the Productive Safety Net Programme (PSNP), an increased self-sufficiency was achieved. Food aid to Ethiopia remained relatively constant over the past two decades, while population almost doubled.

Dialogue between GoE and donors on agricultural development was strengthened by the creation, with active Dutch support, of the Rural Economic Development and Food Security Sectoral Working Group. EKN also contributed to better coordination by its co-chairmanship of the Disaster Risk Management Technical Working Group, which operates within the overall donor coordination structure, the Development Assistance Group (DAG).

Three public private partnerships (PPPs) in the fields of horticulture, oilseeds and seed were established. Support to the SNV/BOAM (Business Organizations and Access to Markets) programme achieved innovative chain integration with increased competitiveness and quality. Economic instruments and networks like Centre for the promotion of Imports from Developing Countries (CBI), PUM (Netherlands senior experts programme), AgriProFocus, were useful in linking sectoral partners.

EKN's active role in advising and supporting Dutch companies, combined with the Private Sector Investment Programme (PSI), attracted new Dutch and other foreign investors. Since 2004 over 50 Dutch companies started joint ventures in Ethiopia, bringing the total of Dutch companies to about 100.

While these PPPs contributed to a better understanding between the public and private sector, some concerns regarding the business climate remain. Overall, Dutch support to the agricultural sector has been efficient, mainly because business promotion tools and instruments of development cooperation were combined and created synergy.

### ***Health, HIV/AIDS***

The Health and HIV/AIDS component of the 2008-2011 MASP focussed on strengthening health systems, securing the availability of essential health commodities such as vaccines, contraceptives, mosquito nets and Anti-Retroviral Therapy, and on improving coverage and quality of basic health care. EKN also aimed at ensuring policy dialogue on demographic issues and the position of women in relation to SRHR.

The Demographic Health Survey (DHS) of 2010 showed important improvements in virtually all health-related indices. Impressive quantitative results were achieved in the expansion of the health care infrastructure by increasing the number of health posts to 15,000 and the employment of health extension workers to 31,000. Utilization of contraceptives increased to 29% but the unmet need for family planning remains high, especially for girls below the age of 19 (33%).

40,000 insecticide-treated mosquito nets were distributed. Vaccination coverage is improving slowly. The HIV epidemic stabilized and 65% of eligible AIDS patients receive treatment. The quality of services and the management information system are improving. In the GTP GoE shows concern about the population growth and the role of women in achieving economic growth targets. The EKN contribution to these results was its support through multi-donor Trust Funds and local organizations involved in social marketing of contraceptives, SRH service provision and in capacity building of health workers.

### **Other objectives**

Though not classified as sectors, the 2008-2011 MASP included other areas, partially crosscutting:

*Gender:* major strides towards the two strategic goals of economic empowerment of women and reduction of Violence Against Women (VAW) have been made, mainly through EKN's participation in UNFPA's (United Nation Population Fond) VAW programme and its contribution to the DAG Gender Pooled Fund.

*Education:* EKN's contribution to quality improvement helped to achieve better learning outcomes and increased access of girls to education. Capacity building of universities was enhanced via NUFFIC's Netherlands Initiative for Capacity building in Higher Education (NPT/NICHE) programme (see chapter 5 – exit).

*Regional Peace and Security:* EKN's support to the Intergovernmental Authority on Development (IGAD) and the AU has enhanced the capacities of regional organizations that aim to achieve regional peace and security.

*Environment (Regional):* despite the decision to phase out the Netherlands contribution to regional environmental activities, results were achieved in building institutional capacity in environmental management and establishing strong climate change networks. Improvements in land use and water management, renewable energy and Water, Sanitation and Hygiene (WASH) were observed. An additional 300,000 people benefitted from improved water supply and 500,000 people from improved sanitation whereas the WASH institutional framework was strengthened.

## **Chapter 3. Country context analysis and comparative advantages of the Netherlands**

*Introduction:* The ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) mission is to improve Ethiopia's status to that of a middle income country by 2025. Further to this Ethiopia is determined to maintain stability and not fall into a state of ethnic rivalry. It does make headway in these objectives: fast economic growth was registered in recent years, infrastructure and social services expanded remarkably. One of the biggest challenges for the near future is the growing population pressure on limited land and water resources. A substantial number of people is still food insecure and poor (GDP per capita is just \$400). Instability of a volatile Horn of Africa might affect internal development as well.

*Governance, human rights and the rule of law:* Multiparty democracy is guaranteed by the constitution and important strides were made towards the establishment of the institutions of a democratic state. In practice Ethiopia's political culture is very much shaped by the ruling party's philosophy of *revolutionary democracy*, based on collective participation and consensus-building steered by the party. Links between party and state are very close. There are challenges as regards the ethnic-national structure of the federal state. Residual internal rebellions persist. The ethnicity-based regions have major fiscal and governance autonomy. Despite that, power is mainly centralized; the executive is omnipresent. GoE recognizes that Ethiopia's institutions do not always fully function according to the principles of the separation of powers, which presents opportunities and entry points for constructive engagement.

GoE realizes it must improve the human rights situation, as its legislation shows. It adheres to the Universal Periodic Review (UPR) process and pledged to formulate a National Human Rights Action Plan (EHRC). While GoE is strongly committed to the citizens' social and economic rights, democratic culture and practice and civic rights are not keeping pace with social and economic development. Many civil society organizations engaged in social and economic activities continued their work without problems after the introduction of the 2009 CSO law which conditions external funding. However, CSOs with an advocacy agenda were negatively affected; their watchdog role is thus diminished. Human rights are also impeded due to lacking resources and capacity as well as cultural constraints.

Systematic institution building takes place in Ministries and other state organs, e.g. through the DIP programme. Ethiopian governance is generally characterized by top-down planning, target-setting and upward accountability. Public Finance Management (PFM) in Ethiopia is better and more transparent than in comparable countries but flaws remain. Challenges include creating a budget process based on linkages between public expenditure and policy objectives.

*A complex society:* Ethiopia's population is rapidly growing, resulting in a 'youth bulge', which could bring about generational tensions. Ethiopian society is relatively hierarchical and stratified, particularly in the highlands. Ethnicity is a fundamental basis of social organization and collective action. Less developed regions benefit from some affirmative action, but inequality is experienced by some groups in society. In some regions residual armed rebel movements persist. Religious tolerance has long been a characteristic of Ethiopia, but in past years violent religious clashes have occurred. The (urban) middle class is growing but still small. The diaspora constitutes an absent but influential group that can have either a positive or a negative impact on developments in Ethiopia.

*Gender relations* are inequitable in Ethiopia, which ranks low on the gender indexes: many women fall victim to harmful traditional practices such as early marriage, Female Genital Mutilation (FGM), domestic violence, rape and abduction. Figures on women's mortality and access to contraceptives still remain worrying. Many women are excluded from the economic or political sphere, lagging behind men in almost all indicators of wellbeing. GoE has a positive attitude and clear policies; it adopted legal instruments and established a Women's Ministry. Vibrant women's organizations have arisen. However, practice is harsh.

*Natural resources under pressure:* with natural resources already under pressure from an increasing population, Ethiopia suffers as well from periodic floods and droughts. Further to this Ethiopia's natural resources - water, soils and forests - are under severe pressure by over-exploitation, aggravated by climate change. The country is also risking loss of ecosystems and biodiversity, and thus its potential for development. Environmental awareness is still low and lobbies are isolated. GTP puts growth first but environmental challenges should not be forgotten, especially in the agro-sector: climate smart agriculture can adapt and mitigate (potential) effects of climate change. In late 2011, GoE presented a 'green growth' strategy. Pressure on agricultural land is acute. Water supply as an important input for agriculture requires substantial investments. Disputes over water and grazing between pastoralists and farmers are the source of conflict in various regions. New phenomena like large-scale land acquisitions and resettlement ('villagization') could possibly bring benefits to Ethiopia, but also could contribute to social discontent.

*Demographic challenges* hamper efforts in poverty reduction, lead to high pressure on land, the environment and social services. They threaten gains made in food security, access to basic social services and affect household economics and asset accumulation. Consequently, GoE's policies in the GTP, the National Population Policy and the Health Sector Development Programme (HSDP) contain strategies to reduce population pressure and to obtain a demographic dividend through strong expansion of family planning services and through female education and empowerment.

*Poverty:* though on track for most MDGs and despite an average annual 10% GDP growth over the last decade, Ethiopia is still very poor. While many households are chronically food insecure regardless of the weather, severe periodic droughts reinforce vulnerability by undermining what little resilience and assets poor households have. GoE is acutely aware of the impact of these shocks on poverty reduction. Up to 12 million Ethiopians depend on food aid in any given year, a few million permanently and 7,2 million on food or cash for work under the Productive Safety Net Programme (PSNP). GoE aims to eliminate all dependency on food aid by 2015. To address the recurrent nature of food shortages, a bold Disaster Risk Management (DRM) policy was developed. Progress in the MDG health indicators is impressive, though they require further attention. The DHS 2010 indicates a clear reduction in under-5 mortality. To achieve improvements in maternal health (MDG 5) a higher quality of institutional SRH (Sexual and Reproductive Health) care is required. Malnutrition is still widespread (44% of children remain stunted), though GoE made good progress in this respect through its Health Extension Services. Investment in water to improve sanitation is imperative. GoE's policies reflect a fundamental commitment to poverty reduction and social inclusion. The GTP means to be a leap forward with annual growth projections of 11 to 15% based on transformational change in agriculture and industry, ignited by heavy public investments. Agricultural growth and agro-industry will have to absorb small farmers into the commercial economy, helped by the expansion of infrastructure.

*Economic policy challenges:* Ethiopia faces a negative trade balance and hard currency shortages in spite of increasing, but still modest, agricultural exports (coffee, oilseeds, horticulture and *khat*). The shortage in foreign exchange impedes further growth in manufacturing for the domestic market. As the private sector is in its infancy, the state takes a strong role in the development process, but as it has a hold on most resources, it risks 'crowding out' the private sector. Maintaining strong government control on the private sector and attracting private investments at the same time has become a challenge. To finance state-led growth, GoE has to raise its very low levels of revenue, starting with expanding the tax base. It has become clear that excessive growth in domestic money supply for public investment risks triggering high inflation (35% in 2010-11). New or changing regulations produced by a hyperactive Government are at times felt as a burden by small and medium enterprises.

*The regional context:* Ethiopia, despite its multiple internal challenges, is a stable country in an unruly region. Increasing drought and famine because of climate change and environmental degradation and increasing pressures on natural resources (land/water, farmers/pastoralists) are compounded by the fragile regional setting. There are risks of spill-over from across Ethiopia's borders. As host nation of the AU and current chair of IGAD, Ethiopia is an important diplomatic factor in the region. It plays an important role in both the Somali crisis and in peace-brokering between Sudan and South Sudan. With its modernizing army, Ethiopia is the top African troop contributing nation to the AU and UN peacekeeping operations. Since the vicious border war of 1998-2000, relations with Eritrea remain frozen; tensions persist.

*International cooperation:* Ethiopia is still highly dependent on external assistance, approximately 10% of its GDP originates from ODA. Thirteen EU member states and the European Commission have aid programmes. Harmonisation is a challenge. In 2009 the EU made Ethiopia a pilot country for the Division of Labour Exercise. At the Addis Ababa level, donor coordination is making progress.

### **Comparative advantage of the Netherlands**

#### *Security and the Rule of Law*

The Netherlands has much experience in capacity building in Ethiopia, including through long-standing university cooperation. Dutch private sector investments, and an innovative approach which creates synergy between classical development cooperation and the promotion of trade and investment, have singled out the EKN. The Netherlands has carved out a niche on the conflict-sensitive approach to development programmes. It has a vast experience in international cooperation on the rule of law. For years, the EKN supported capacity building in the Ethiopian judiciary. Assistance to organizations active in conflict resolution and human rights has given the EKN thorough insight in the issues at stake.

#### *Food Security*

EKN has been appreciated as a neutral and knowledgeable facilitator in joint donor-government discussions, especially in the context of the establishment of the RED-FS framework and the preparation of the DRM structures. The Netherlands is in the top five for Ethiopian exports and provides specific expertise in horticulture, dairy, seeds and oilseeds. In addition, the large number of Ethiopian alumni, the strong involvement of Dutch knowledge institutes and the growing involvement of the private sector give the Netherlands a strong comparative advantage.

#### *Sexual and Reproductive Health and Rights*

The long history of Dutch support for the Ethiopian health sector and the Dutch focus on SRH and young people, against the background of globally declining support for liberal SRHR policies, provide a strong basis for Dutch support to slow down population growth, and for improving SRHR in general. Dutch stakeholders feel free to discuss sensitive issues (harmful practices, sexual minorities). The NWP offers opportunities for complementarity and synergy in WASH. Our support is integrated, combining governmental, NGO and private sector engagement. This raises potential for innovation, policy development and better programme implementation.

## Chapter 4. Objectives, Results, Activities and Risks

### 4.1 Introduction

Under its MASP for 2012-2015, the EKN will make a meaningful contribution to food security, agricultural growth and DRM, promote access to sexual and reproductive services, enhance security, strengthen systems of voice and accountability and support the respect for the rule of law. Netherlands' support to development in Ethiopia, which to the extent possible will be aligned with the GTP, will thus rest on three spearheads:

- Spearhead I: Security and Rule of Law;
- Spearhead II: Food Security;
- Spearhead III: Sexual and Reproductive Health and Rights.

Whilst implementing this MASP, EKN will continue to liaise with other donors, in particular the EU and its member states, on further harmonization through Division of Labour and Joint Programming. EKN will strive for maximum complementarity and synergy with the activities of the MFS II partners. The NICHE (HOOP) programme will be utilized to strengthen the interventions under the three spearheads.

### 4.2 Spearhead I: Security and Rule of Law

#### *Objectives*

EKN aims to promote sustainable security, the rule of law and inclusive, accountable governance.

#### *Results*

(1) EKN aims to make a modest contribution towards conflict prevention, mitigation and resolution in Ethiopia. It is expected that service delivery by GoE (including humanitarian aid) will become more efficient and equitable, thus reducing potential for tension. This effect is also expected from support to conflict-sensitive natural resource management and to local abilities to resolve conflicts.

(2) EKN aims to support the rule of law in Ethiopia through strengthening the justice system, which will serve to better protect citizens against arbitrary treatment.

(3) It is expected that improved accountability and transparency will increase citizens' trust in their government and society. EKN expects to contribute modestly to increased participation of Ethiopians in decision-making and democratic debate, and to more space for civil society, media and private initiative. The outcome of these activities will be measured against indicators such as CPI and the Mo Ibrahim Index.

#### *Activities*

##### *(1) Activities to promote security*

Assessments will be undertaken to ensure that activities proposed in the MASP will be conflict-sensitive; preventing potential conflict through addressing root causes (early warning being a vital instrument in this respect) will be a guiding principle in our approaches. EKN will support activities to empower local actors to strengthen conflict resolution practices (formal or traditional mediation mechanisms). EKN aims to enhance gender-sensitive indicators for early warning and strengthen the capacity of women's organizations involved in conflict prevention and resolution. EKN will support initiatives to eradicate all forms of violence against women, advocate effective implementation of legal instruments in this connection and support awareness raising activities. The effects of refugee flows on the environment and their potential for conflict with the local populations will be given attention. DRM related to climate shocks and competing claims on land will help address existing tensions and their potential for conflict. To this end EKN will support programmes to enhance integrated land and water use planning and governance in specific high risk areas. We will also contribute to the development of a DRM strategy. Both are part of (and described in) the food security spearhead.

##### *(2) Activities to strengthen the rule of law*

EKN will support a more, even-handed and predictable administration of justice. To this end, it will support efforts to strengthen the judiciary, to improve access to legal aid, the improvement of conditions in (pre)detention facilities and human rights training to law enforcement agents. The establishment of national frameworks and procedures pertaining to the protection of human rights, such as the National Human Rights Action Plan, will be supported through the EHRC. Assistance can, if required, be considered to Ethiopia's implementation of UPR recommendations. EKN will seize the (limited) opportunities to support women's rights, under the heading of the two other spearheads or as an objective in itself. In addition, EKN will continue its dialogue with GoE, bilaterally and through the Cotonou Agreement, the article VIII dialogue.



*(3) Activities to promote inclusive and accountable governance*

EKN intends to promote inclusive and accountable governance by selective support to autonomous state organs through the Democratic Institutions Programme, as well as civil society organisations and media. EKN will fund the pooled CSSP. EKN stands ready to support capacity building at federal and/or regional level for GoE to deliver services and be accountable to its citizens. In this context continued support will go to the 'social accountability' component of the PBS programme. EKN will support efforts to enhance the transparency of GoE's financial management, within PBS as well as (under the food security spearhead) the PSNP. EKN will draw attention to the importance of PFM as a leading partner in the DAG group. Finally, support will be given to strengthen the fight against corruption, inter alia through the Federal Ethics and Anti-Corruption (FEACC), (again, under the DIP).

*Risks*

The promotion of sustainable security, the rule of law and inclusive, accountable governance ultimately depend on a conducive political climate and security situation.

*Regional dimension of Spearhead I: Security and Rule of Law**Objective*

Africans live in a more peaceful and prospering continent with strengthened mutual relations; they benefit from the implementation of the strategic goals of the AU regarding social and economic development and integration; the democratic principles as formulated by the AU Constitutive Act in accordance with the aspirations of the African people are better observed.

*Results*

EKN will help the AU develop a robust set of instruments to prevent and solve conflicts that arise on the continent. A fully operational African Peace and Security Architecture will eventually safeguard ordinary Africans from armed conflict. AU's democratization work, inter alia by means of elections monitoring, will in the long run positively influence African democracy and therefore its stability and economic development. The same applies to the other activities listed (IGAD Security Sector Program and Eastern Nile Technical Regional Office(ENTRO)), as these are likely to make the sub-region less conflict-prone.

*Activities*

The main Netherlands' focus in support to the AU is in the area of peace and security, where the EKN will (continue to)

- support the operationalization of the African Peace and Security Architecture,
- provide financial and technical assistance to the Eastern African Standby Forces Coordinating Mechanism,
- provide financial support to the AU Peace and Security Department,
- contribute financially to think tanks, such as the Institute for Security Studies,
- support the democratization of the continent through financial support to the Democratic Electoral Assistance Fund of the AU Political Affairs Department,
- contribute to the AU's institutional capacity building programme.

In addition to the AU, EKN will support the IGAD Security Sector Programme and the ENTRO under the umbrella of the Nile Basin Initiative. Both activities aim at reducing regional tensions triggered by disputes over natural resources.

*Risks*

The effectiveness of the regional component of the MASP is ultimately depending on the political will of AU member states and the organisation itself to make progress in developing the AU as an institution and in addressing the most important threats to stability and security on the African continent in general and the Horn of Africa specifically.

**4.3 Spearhead II: Food Security***Main objective*

In 2015 Ethiopia will have achieved increased food security and agricultural growth within an improved business climate; Ethiopians will have better access to more and more nutritious food.

*Sub-objectives*

- *Food insecure highlands:* reduce household vulnerability, improve resilience to shocks and promote community-based nutrition in food insecure areas of rural Ethiopia.

- *Surplus producing areas:* increase agricultural productivity and market access in surplus producing areas with increased participation of women and youth;
- *Market integrated / semi-commercial:* increase the competitiveness and business climate for a number of agribusiness subsectors.

Selection of these objectives and sub-objectives is based on:

- The first sub-objective builds on the experience gained so far that EKN can have an impact on the policy agenda in the Food Security and Disaster Risk Management donor-government group. In addition, through support to the PSNP it is expected that substantial graduation towards more food self-sufficiency will take place in the coming four years. Specific EKN emphasis will be put on nutrition to ensure that increased asset building goes hand in hand with increased nutrition.
- With respect to the second sub-objective EKN has been instrumental in the establishment of the Agricultural Growth pillar of the RED-FS framework. It is believed that some of the surplus producing areas risk to become the next food insecure areas if no specific support is provided. In addition, these areas are crucial for achieving national food security and decreasing overall food prices (for food consumers).
- The last sub-objective addresses the necessary overall agricultural GDP and export growth, as well as job creation for the country. EKN is appreciated for the long standing relationship in specific agro-sectors (horticulture, seed, oilseeds and dairy). The objective also reflects the increased call for the involvement of Dutch knowledge, expertise and the private sector.
- Other donors are more strongly engaged in the other farming systems (pastoral, urban and wet lowlands) and crosscutting issues (land degradation, tenure, climate change). Specifically: food insecurity in pastoral areas (USAID, WB, IFAD); urban development related to employment and food security (AFD France); land rights and tenure (especially in wet lowlands, FinAid, SIDA and GIZ); specific agro-clusters and value-chains (coffee (EU/USAID), spices (USAID), cotton (USAID), pulses (BMGF/ATA), hides and skins (CIDA/USAID); climate change and environment (DfID, Norway); access to finance (NGOs, KfW, Agricultural Transformation Agency, ATA, USAID).

#### *Activities*

Specific activities to support the three sub-objectives were chosen on the basis of a number of criteria, inter alia the need to: (1) support GoE priorities; (2) address binding constraints in the field of food security; (3) align to joint donor-government programmes; (4) build on lessons learned and (5) use added value of the Dutch private sector, knowledge/training institutes and NGO networks. On the basis of these selection criteria, the following activities are identified:

#### *Activities to reduce household vulnerability in food insecure areas:*

The main objective is to protect the most vulnerable households in the most marginal areas while aiming at 'graduation' to food sufficiency through a household asset building approach. 7,2 million people depend on food or cash support for part of the year under the PSNP programme. The aim is to reduce this number significantly by 2015 through public works activities (like reforestation and soil and water conservation activities), asset building and increased market access. Therefore, the EKN will continue to contribute to this programme. In addition, community-based nutrition will be supported in selected districts to increase crop diversity and a nutritional diet for vulnerable households. In the field of DRM, EKN plans to contribute to the formulation and implementation of the Strategic Programme Investment Framework for DRM. Expected results are: (1) a marked reduction in the number of people dependent on food aid and safety net-related services; (2) a substantially reduced percentage of malnourished children under five years old.

#### *Activities to increase agricultural productivity and market access in surplus producing areas:*

Increasing agricultural productivity and market access in surplus producing areas is envisaged through improving the capacity of service providers (especially the extension system) and farmers' organizations to scale up best practices in production and processing with special attention for women and youth. In addition, support will be given to the construction, rehabilitation and management of small-scale rural infrastructure (irrigation and roads). To this end, EKN plans to substantially contribute to the joint donor-government AGP. In order to improve the effectiveness of the agricultural growth strategy, the EKN plans to support two innovative, aligned projects: (1) to strengthen the capacity for evidence-based up-scaling of best-fit practices and (2) to increase the capacity for the design and management of small-scale and micro-irrigation works. The Government promotes small-scale irrigation schemes as it is felt that these can be more easily developed and managed than larger schemes. Finally, as general support to policy implementation, we will support ATA that serves under the Prime Minister's office and is tasked to remove systemic bottlenecks in agricultural growth. Expected results are a 15% increase in

agricultural productivity and a more than 20% increase in total real value of marketed agricultural products in at least 83 districts by 2015.

*Activities to increase the competitiveness of specific agribusiness subsectors:*

EKN will focus on four agricultural subsectors: horticulture, input seed, oilseeds and dairy. In these sectors a value chain approach will be applied with attention for productivity and quality improvement, creating more added value and export growth. In addition, the capacity of the agribusiness services sector will be strengthened as well as the regulatory and policy environment. To this end specific PPPs are established. A Business Support Fund will complement the strategy to support new sector-wide private sector driven initiatives, Ethiopian entrepreneurship and hands-on assistance to Dutch companies. In all activities attention will be paid to improve the enabling environment. In the dairy and small-scale vegetable projects there will be a focus on gender aspects. EKN will support GoE in improving the fundamentals of tax collection and improving the business climate. A platform will be created where tax and customs issues can be periodically discussed. In addition, EKN aims at building in safeguards for the sustainable use of natural resources in areas that are under extreme pressure. To this end river basin management will be supported in the Central Rift Valley and Gambella. The first area is the most important area for horticultural production (flowers and vegetables). The second area is where large-scale land acquisitions and the overall sustainable use of natural resources (incl. wildlife) compete. Overall, expected results are increased sustainability and competitiveness in four agricultural sectors and two well-functioning river basin plans with related governance structures.

*Risks*

It is envisaged that the number of food security activities will be reduced supporting three flagship programmes (PSNP, AGP and a PPP facility) and related innovative projects including water (2), nutrition (1) and private sector development (2). As a result, a number of purely bilateral projects started as pilots will be grouped under one consistent umbrella programme on agribusiness. In addition, there will be a strong link with EKN's economic activities (chapter 5). Risks vary depending on the implementation modality. Risks in the joint donor-GoE programmes are related to the capacity of the implementing government institutions. The risk for the private sector projects is that sectoral organisations do not always have a long term vision and strong representation. Both risks can be addressed through bilateral dialogue and support to building capacity in the private sector.

#### **4.4 Spearhead III: Sexual and Reproductive Health and Rights**

*Objective*

To improve the sexual and reproductive health of, in particular young, women and men, contributing to slow down population growth and to a reduction in maternal mortality, by enabling couples to freely determine the size of their family and the timing of pregnancies and, by providing safe maternal care to pregnant women.

The more specific objectives of the SRHR pillar are:

- *improved availability, quality, affordability and utilization, especially by young people, of sexual and reproductive health services of public, NGO and private providers, including safe abortion, HIV/AIDS prevention and medico-legal services for victims of gender based violence;*
- *health systems strengthened with emphasis on leadership and governance, health systems financing, health information systems, human resources for health and medical supplies (incl. contraceptive commodities security);*
- *institutional and community WASH services (with multiple uses) contribute to improved institutional maternal care and to an improved nutritional status of women.*

*Activities*

EKN will support, often jointly with DfID, Irish Aid and the Packard Foundation, selected (I)NGOs to build capacity of public, private and NGO service providers:

- 1) the NGO DKT: social marketing of contraceptives and medical abortion with an important component of contraceptives supply to the public sector;
- 2) Marie Stopes International: availability, quality, affordability of SRH services of a network of 750 private providers;
- 3) Family Guidance Association of Ethiopia: SRH services provided by its clinics and youth centres and by other NGOs. These organisations will support sex education in secondary/tertiary education institutes and contribute to SRH services (in particular practical) training of health cadres. They will collaborate with district and regional health offices and the Federal Ministry of Health (FmoH) to integrate their activities in the 'one plan, one budget and one report' approach;

4) integration will be further strengthened by support for the Consortium of Reproductive Health Associations (CORHA) to establish regional networks of NGOs to streamline and enhance Ethiopian ownership of the policy dialogue and programme implementation. This dialogue will be complemented by the joint donor-FMoH sector dialogue in which EKN participates.

In all these activities, special attention will be given to needs of young people. In parallel, strengthening of public health systems will be pursued through a gradually increasing non-earmarked contribution to the FMoH's *MDG Performance Fund*. It is expected that a major component of this contribution will be used to implement the flagship *Health Extension Programme* that gives priority to family planning, WASH and nutrition. Implementation of support in WASH will be delegated to UN Agencies for strengthening drinking water systems with multiple use of water and sanitation facilities (UNICEF with involvement of SNV).

Parallel to the MASP initiatives will be taken to establish a system for Water Quality Monitoring and Surveillance in collaboration with other (Dutch) actors. Opportunities for private sector involvement in WASH will be pursued together with NWP. These activities will also contribute to system capacity building, especially at district level. Additional funds, in two to three years, after capacity has been built, could be channelled through recently established pooled mechanisms (WASH Implementation Framework implementation). Nutrition links will be made between the SRHR and Food Security spearheads. Social accountability for health and WASH services will be supported through the PBS (under Security and Rule of Law). In the formulation of the HOOP programme (2012) opportunities will be identified for collaboration in capacity strengthening between Ethiopian and Dutch research and training institutes in the field of SRHR, nutrition and water. EKN will identify opportunities for private investments, especially in urban WASH, through private sector instruments (Facility for Infrastructure Development (ORIO) and PSI).

To create synergy, EKN will pursue coordination with other Dutch-funded activities, notably those through the Dutch Reproductive Health and WASH Alliances, SNV, the NWP and the NWGN, through information sharing, organizing thematic discussions and encouraging stakeholders to participate in GoE's national and decentralized planning, budgeting and reporting.

#### *Results*

These activities will contribute to improved health and demographic country indicators: reduction in the fertility rate, slower population growth, reduction in maternal mortality, less malnutrition and lower incidence of HIV infections. This will be achieved by focussing on the bulge of young people entering into their sexual and reproductive life in the coming years. Cultural attitudes will become more favourable to adolescent SRH and to rejection of VAW. Results will be obtained in availability of contraceptives, percentage of births attended by skilled health personnel, availability of youth-friendly SRH services, availability of safe abortion services, use of services by victims of VAW, coverage of improved drinking water supplies and sanitation facilities, increased functionality of water sources and improved management capacity especially at district level. Establishment of a direct relationship with the FMoH through the MDG Performance Fund is expected to enhance EKN's position in the policy dialogue. Systems strengthening will enhance quality, effectiveness and efficiency in health and WASH, in particular of the public sector. Complementarity and synergy of different Dutch inputs in the Ethiopian health and WASH sectors will stimulate innovations and sharing of lessons learned.

Measuring annual sector progress will be mainly through the information systems of the FMoH and the *National WASH Inventory*. Information from NGO partners allows for monitoring progress at micro-level with opportunities to deduce 'lessons learned'. This is reinforced by midterm reviews and end-evaluations. Aggregated impact analyses at sector level will be done through large multi-annual surveys such as DHS and the Welfare Monitoring Survey.

#### *Risks*

Risks are that (1) harmonization is affected by decreasing donor involvement. EKN will continue to lobby for harmonization and alignment, as well as for strengthening PFM and Results Based Management. (2) Projections of donor support for the health sector are declining. Without sufficient funding and adequate financing mechanisms, health systems will yield poor sector performance. EKN will support effective health financing mechanisms (including health insurance) and, within the GTP framework, plead for adequate GoE funding for the sector.

## Chapter 5. Other instruments of Foreign Policy

*Economic diplomacy and trade:* EKN will increase its active role in the promotion of Dutch trade and investment in Ethiopia and to provide its services to private sector actors (information, facilitation, conflict resolution). Synergy will be sought in the complementary use of instruments of development cooperation and business promotion instruments. Ethiopia is popular with Dutch investors (including multinationals) who play a key role in corporate social responsibility. EKN facilitates the dialogue between Dutch businesses and the GoE. In particular, the Dutch business community will have periodical meetings to discuss tax and business climate issues with Ethiopian Revenue and Customs Authority (ERCA), (which receives support from the Dutch Customs). A European Business Forum is being established. A bilateral treaty for the prevention of double taxation will be concluded.

*Political Affairs:* in the framework of the EU and bilaterally, the EKN will continue its dialogue with GoE on all matters of mutual concern.

*Humanitarian Affairs:* EKN will continue to monitor and advise on humanitarian developments in Ethiopia and the region.

*Other Dutch development actors:* EKN will maintain close contacts with other Dutch actors (MFS organizations and knowledge institutes, Nuffic, the private sector) and strive for optimal synergy with its own policies.

*Consular and Migration Affairs:* conflict and poverty in the Horn of Africa make the region a source of migration. Ethiopia is a source country itself, but also a transit point for refugees from Somalia, Eritrea and South Sudan. Discussion with GoE on issues like the return of immigration offenders on the basis of the Cotonou Agreement remains a priority.

*Exit:* Changes in overall Netherlands development policy and recent budget reductions resulted in the decision to phase out activities in sectors in which EKN was previously active, i.e. environment, education and elements of HIV/AIDS. EKN will not enter into new commitments in these sectors.

- The decision to terminate the environment programme was taken in 2008. The programme had a regional and a national component. The regional programme was implemented by the Horn of Africa Regional Environment Centre (HoA-REC). Until the termination of the contract with HoA-REC in 2011 the project had been reasonably successful, inter alia in capacity building. EKN helped HoA-REC obtain EU support for its regional programme, to be implemented in coalition with IGAD. Given the Centre's experience in cross-cutting issues such as land use planning, EKN will continue to cooperate with HoA-REC at the national level under Food Security. In Ethiopia, the programme was furthermore implemented through smaller-scale (non-governmental) activities, ending in 2012, the last activity focussing on participative forest management. Co-donors Norway, Finland and the EU continue their involvement.
- The previous MASP stipulated that EKN would work towards a silent partnership in (basic) education by 2012. The focus on new spearheads entails that the Netherlands phases out of basic education. By 2010, most education activities to which EKN contributed were already being phased out, e.g. those promoting access of girls to education. Endorsing the need to improve quality in the education system, EKN had engaged itself in the first phase of the WB's General Education Quality Improvement Programme (GEQIP), which will now be exited in 2012. Negative consequences of EKN's phasing out are not expected: other GEQIP-donors (DfID, Finland) are about to increase their commitments, thus filling the gap left by EKN. The last Dutch education project (education programme for women) will run through 2012. EKN will hold consultations on its future with the implementing agency, the German NGO DVV International.
- Although no exit as such is foreseen in health, HIV/AIDS 'impact mitigation' activities have been discontinued and handed over to GoE and donors (UNICEF), who will integrate these activities progressively into their social protection programmes (income generating activities for people living with HIV/AIDS and orphans and vulnerable children). HIV/AIDS control activities, i.e. prevention and treatment will be incorporated in the SRHR theme.

The decisions to exit the areas mentioned and the changes in Netherlands development policy were communicated at various levels to GoE, the development partners and civil society.

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**Chapter 6. Financial implications***Financial ODA implications 2012-2015 in € (Policy area, budget-code, description)*

2.5 Security, good governance and rule of law	12,917,000
4.1 Food security	131,273,000
4.2 Effectiveness policy on poverty reduction	89,000
4.3 Private sector development	3,380,000
5.2 Education and research	7,800,000
5.3 Equal rights and opportunities for women	3,440,000
5.4 Sexual and reproductive healthcare and rights & HIV/aids	67,238,000
6.2 Integrated water management, water and sanitation	12,000,000
<b>total budget 2012-2015</b>	<b>234,697,000</b>

**APPENDIX 1 ABBREVIATIONS**

AGP	Agricultural Growth Programme
APF	AgriProFocus
ART	Anti-Retroviral Therapy (HIV/AIDS)
ASF	African Standby Force
AU	African Union
AUC	African Union Commission
BMGF	Bill and Melinda Gates Foundation
BOAM	Business Organisations and their Access to Markets
BZ	Dutch Ministry of Foreign Affairs
CBI	Centre for the Promotion of Imports from Developing Countries
CIDA	Canadian International Development Agency
CORHA	Consortium of Reproductive Health Associations
CSO	Civil Society Organisations
CSSP	Civil Society Support Programme
DAG	Development Assistance Group
DfID	Department for International Development (UKaid)
DHS	Demographic Health Survey
DIP	Democratic Institutions Programme (UNDP)
DRM	Disaster Risk Management
EFY	Ethiopian Fiscal Year (runs from 1 July till 30 June)
EKN	Embassy of the Kingdom of the Netherlands
EL&I	Ministry of Economic Affairs, Agriculture and Innovation (NL)
ENTRO	Eastern Nile Technical Regional Office
EPRDF	Ethiopian People's Revolutionary Democratic Front
ERCA	Ethiopian Revenue and Customs Authority
FAO	Food and Agricultural Organisation
FDI	Foreign Direct Investments
FDRE	Federal Democratic Republic of Ethiopia
FEACC	Federal Ethics and Anti-Corruption Commission
FGM	Female Genital Mutilation
FMoH	Federal Ministry of Health
FP	Family Planning
GEQIP	General Education Quality Improvement Programme
GHI	Global Health Index
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HoA-REC	Horn of Africa Regional Environment Centre
HOOP	Hoger Onderwijs en Onderzoek Programma (Higher Education and Research Programme)
HSDP	Health Sector Development Programme
IGAD	Intergovernmental Authority on Development
ISS	Institute for Security Studies
MDG's	Millennium Development Goals
MoA	Ministry of Agriculture
NGO	Non-Governmental Organisation
NICHE	Netherlands Initiative for Capacity building in Higher Education
NPT	Netherlands Programme for Institutional Strengthening of Post-secondary Education and Training Capacity
NWGN	Netherlands Working Group on Nutrition
NWP	Netherlands Water Partnership
ODA	Official Development Assistance
ORIO	Facility for Infrastructure Development
PBS	Protecting Basic Services
PFM	Public Financial Management
PSI	Private Sector Investment programme
PSNP	Productive Safety Net Programme
PUM	Netherlands Senior Experts programme
REC	Regional Economic Community
RED-FS	Rural Economic Development and Food Security

SNV	Netherlands Development Organisation
SRHR	Sexual and Reproductive Health and Rights
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
UPR	Universal Periodic Review
USAID	United States Agency for International Development
VAW	Violence Against Women
WASH	Water, Sanitation and Hygiene
WASHCO	Water and Sanitation Committee
WB	World Bank