



Phase III - Development Partners Support to PRSP Process in Ethiopia

The Government of Ethiopia formulated its first generation PRSP called the Sustainable Development and Poverty Reduction Programme (SDPRP) in 2001, which was subsequently endorsed by the WB/IMF Boards in September 2002. Following the endorsement, the development partners accepted the SDPRP as the overarching framework for their development cooperation with Ethiopia and took steps to align their support with the SDPRP and the broader harmonization agenda. The Millennium Development Goals (MDGs) were incorporated in the SDPRP, the latter as a medium-term program serving as a vehicle towards reaching the MDGs. The MDG Needs Assessment exercise, launched in July 2004 and finalized in December 2005, was used as input to the formulation of the Ethiopia's successor plan to the SDPRP, entitled "A Plan for Accelerated and Sustained Development to End Poverty (PASDEP)". The PASDEP was finalized in September 2006 and the Government has in the PASDEP placed the Millennium Declaration and the related MDGs at the core of its development agenda and thereby created a common platform with development partners in terms of accelerating growth and fighting poverty in the country. Development partners are committed to support the PASDEP and MDGs processes and the DAG Pooled Fund is one of the mechanisms for harmonized donor support.

Key elements of support are:

- Strengthening of the harmonized support to the PASDEP process
- Promoting the OECD DAC harmonization agenda
- Strengthening of PASDEP monitoring and evaluation system
- Strategic coordinated support to focus areas of the PASDEP



COVER PAGE

Country: Ethiopia

UNDAF Outcome(s)/Indicator(s): **Governance UNDAF Outcome:** By 2011, contribute to the achievement of Millennium Declaration principles through enhanced democratic empowerment and participation at the grassroots level through justice sector reform, civil service and civil society capacity building and promotion of decentralization at all levels, including upholding of human rights principles, transparency and accountability. **PASDEP:** Fully operational democratic, accountable and responsive constitutional federalism, ensuring citizens' empowerment and participation.

Expected Outcome(s)/Indicator (s): The capacity of MoFED enhanced in the overall coordination, resource allocation and management, planning and external economic cooperation

Expected Output(s)/Annual Targets: Increased capacity of MoFED through advanced training in development planning and research including economic modeling, negotiation and budgeting, through system enhancement including AMP, M&E project/ program preparation etc.

Increased human, institutional and technical capacity of MoFED.

UNDP program component: Support to Capacity Enhancement for Domestic Resources Mobilization and Management; Effective Aid Coordination and Management; and Promoting Efficiency and Accountability in the use of Resources.



Programme Period: 2007-2011 (UNDP cycle)
 Programme Component:
 Project Title: Phase III - Development Partner Support to PRSP Process in Ethiopia
 Project ID: 00012462
 Project Duration: 2007-2011
 Management Arrangement: NEX
 Project No:
 00012462 (mother project) – former ETH/01/012 and associated output projects:
 00036147 - Monitoring and Evaluation
 00041179 - Education Pooled Fund
 00038877 - Private Sector Pooled Fund
 00046393 - Support to Governance

Budget: The budget is formulated on a rolling basis

General Management Support Fee: 7%

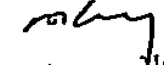
Total budget:
 15,222,000
 Allocated resources: 5,025,453.26


- Austria
- Canada
- DFID
- EC
- Finland
- Ireland Aid
- Italian Development Cooperation
- JICA
- Netherlands
- Norway
- Sweden
- USAID
- UNDP
- UNFPA

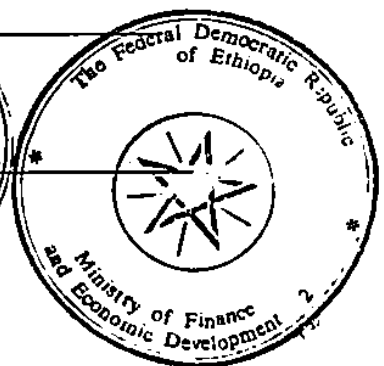
In kind contributions: NA

Unfunded budget: 10,196,546.74

Agreed by Ministry of Finance and Economic Development (MOFED):


 Mekonnen Hanayazewal
 State Minister

Agreed by UNDP:




SIGNATURE PAGE
 Country: Ethiopia

I. Background

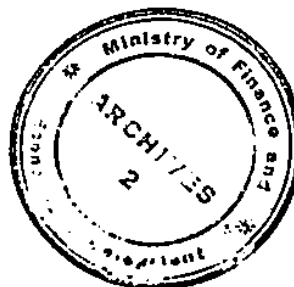
The Government of Ethiopia formulated its first PRSP called the Sustainable Development and Poverty Reduction Programme (SDPRP) in 2001, which was endorsed by the WB/IMF Boards in September 2002. Following the endorsement a Consultative Group meeting was held in December 2002, where the development partners accepted the SDPRP and the MDGs as the overarching frameworks for their development cooperation with Ethiopia and took steps to align their country strategies with the SDPRP and the broader harmonization agenda. The Millennium Development Goals (MDGs) were incorporated in the SDPRP as the longer-term targets and a MDG Needs Assessment exercise was finalized in 2005 and used as input to Ethiopia's successor plan to the SDPRP entitled "A Plan for Accelerated and Sustained Development to End Poverty" (PASDEP). The latter was finalized in September 2006.

Ethiopia is a pilot country for the OECD DAC harmonization agenda. Both Government and international partners are keen to proceed with the deepening of the harmonization process in the spirit of the Rome and Paris Declarations. A draft Joint Declaration on Harmonization, Alignment and Aid Effectiveness has been prepared to monitor progress towards achieving the targets of the Paris Declaration.

The commitment of the Government and its development partners to broad collaboration and harmonization is supported by a partnership structure, which remains the principal forum for dialogue between the Government and the development partners. As part of the partnership structure High Level Forums (HLF), co-chaired by the State Minister of MOFED and the DAG, are held on a quarterly basis to discuss policy issues and progress on harmonization as part of the consultations on the implementation of the PASDEP and hence MDGs. A secretariat with appropriate technical assistance has been established within the Multilateral Cooperation Department (MCD), MoFED to support the harmonization efforts and the partnership structure. Support has also been provided to the Aid Management Platform (AMP) to assist the Government of Ethiopia and its development partners in the management of resources allocated to development activities.

As part of its coordinated structure and support, the DAG seeks to ensure more effective delivery and utilization of development cooperation in Ethiopia. The group discusses and agrees policy on key development issues and supporting actions. It coordinates with and takes forward the work of the DAG Technical Working Groups (TWGs) within relevant Government and DAG forums. Moreover, the DAG consults with non-state actors on issues related to PASDEP and MDGs processes. The DAG is co-chaired by the World Bank and UNDP and comprise of 25 bilateral and multilateral agencies providing development assistance to Ethiopia. The Executive Committee (ExCom), which is composed of the Co-chairs and three members on rotating basis, manages the agenda and work programme of the DAG. UNDP also host the DAG Secretariat and has managed Phase I and Phase II of the project on "Development Partners Support to the PRSP Process".

For more detailed situation analysis see the attached signed CPAP 2007-11.



II. Strategy

Context

The overall objective of the program is to provide harmonized support to the PASDEP process and progress towards the MDGs. The Government has placed the Millennium Declaration and related MDGs at the core of its development agenda and thereby created a common platform with development partners in terms of accelerating growth and fighting poverty in the country. Reviews of the SDPRP implementation, the recent MDG Needs Assessment and consultations with various stakeholders have informed the preparation of PASDEP.

As part of the support to the implementation of PASDEP, Government and development partners have launched discussions on financing of PASDEP as well as required support and structures to achieve the MDGs. The discussions on the implementation of PASDEP are taking place within the framework of the partnership structure, and the outcome of these discussions will guide the implementation of this project.

Sector wide approach and thematic programs

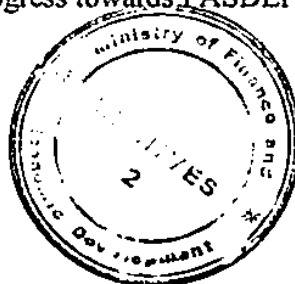
The Government and development partners have agreed on several sectoral and thematic programs that are supporting the implementation of the PASDEP. These programs are: Education Sector Development Program (ESDP), Health Sector Development Program (HSDP) and Roads Sector Development Programme (RSDP). Thematic programs include Public Sector Capacity Building Program (PSCAP), the Productive Safety Net Program (PSNP) and the Protection of Basic Service (PBS). The latter was designed in place of Direct Budget Support (DBS) with increased emphasis on basic service delivery at sub-national level and with special transparency and accountability features.

The above-mentioned programs are important mechanisms for coordinated sector support and contribute to the harmonization agenda in Ethiopia. There are ongoing discussions on how to further strengthen the linkages between monitoring and evaluation systems of the different sector and thematic programs with PASDEP to ensure timely reporting and accountability of development assistance to Ethiopia. The outcome of these discussions will also guide the implementation of this project.

Project Components

During the previous two phases, the project has demonstrated results in coordinated support to the preparation, monitoring and evaluation of SDPRP and mainstreaming the MDGs within national development policy and planning framework. Moreover, the project has provided strategic support to the harmonization agenda and the partnership structure through support to the HLF and DAG Secretariats. Phase III of the Project will continue to focus on issues related to harmonized support to PASDEP and MDGs with the aim of reducing transaction cost for both Government and development partners. The project will be implemented through four broad project components:

- (1) General support to PASDEP and MDGs, including strategic studies that will inform the financing and progress towards PASDEP and MDG targets. Moreover,



institutional support to the partnership structure through the DAG Secretariat within UNDP, e.g. staffing and technical facilities.

- (II) Support to the harmonization agenda, including TA and operational support to the HLF Secretariat to facilitate the harmonization efforts and the partnership structure. Moreover, support to strategic studies and study tours to ensure that South-South (cooperation) is promoted and made an integral part of the project activities. Finally, support will be provided to the development of new mechanisms for aid delivery as part of the implementation of the Paris Declaration Agenda.
- (III) Support to monitoring and evaluation of PASDEP as outlined in the Project Document entitled "Strengthening Data Collection, Analysis and Dissemination on Poverty Monitoring and the MDGs" spanning the four year period, 2005 to 2008. The activities will focus on support to strategic research and analysis undertaken by the Development Planning and Research Department (DPRD) of MoFED and surveys and data management undertaken by the Central Statistical Agency (CSA). Strategic studies by research organizations and other stakeholders will also be funded under this component as part of the support to the overall Monitoring and Evaluation (M&E) system. As stipulated in the Memorandum of Understanding (MOU) concerning donor support for strengthening the SDPRP monitoring and evaluation system activities beyond 2008 will be handled in accordance with article 8(2) in the MOU signed between Government and development partners.

An important element of this component relates to preparation of regular Annual Progress Reviews (APRs) of the PASDEP, including alignment of sector reviews with APRs, broad consultations with stakeholders, and wide distribution of results. To further enhance national ownership, media campaigns and awareness workshop will be supported as part of the advocacy strategy.

Finally, support will be provided to the development of economy wide modeling that will guide the macro-economic discussions and the implementation of the PASDEP through scenario building.

- (IV) Coordinated and harmonized support to processes that support PASDEP and sector programs. Areas identified include mainstreaming of gender in PASDEP activities, including strategic studies, technical assistance and capacity building of the Ministry of Women's Affairs (MoWA). Moreover, support to strategic studies, technical assistance and capacity building of the Ministry of Education (MoE) in support of the ESDP. Finally, support will be provided to promotion of private sector development through the Ministry of Trade and Industry (MOTI) and the Ministry of Capacity Building (MoCB).

The project can be expanded to include other poverty reducing sectors upon recommendation of the Steering Committee overseeing the project.

Target beneficiaries



The primary beneficiaries are DPRD, MoFED, and CSA through support to monitoring and evaluation of the PASDEP and MDGs. Moreover the HLF Secretariat, MoFED will benefit through support to the harmonization agenda and AMP. Other Government agencies like the MoE, MoWA and the Economic Development Research Institute (EDRI) of the Prime Minister's Office (PMO) will also benefit from the project through support to strategic studies, TA and capacity building activities that will inform the implementation of sector policies and the PASDEP.

Government and development partners involved in the partnership structure will benefit through the strengthening of the structure and the overall harmonization of PASDEP and MDGs processes.

Situation anticipated at the end of the project:

It is expected that the project will have:

- Strengthened the partnership structure and dialogue between Government and development partners on the implementation of PASDEP and MDGs
- Reduced transaction cost for Government and development partners
- Informed decision making through strategic studies and research activities
- Strengthened the harmonization agenda and the management of resources allocated for development activities
- Strengthened the monitoring and evaluation system of the PASDEP and MDGs
- Harmonized support to the agreed sectoral areas of the PASDEP process.

III. Management Arrangements

Management structure

Oversight of, and guidance to the project activities will be the responsibility of a Project Steering Committee, comprised of senior representatives from MoFED, DAG Executive Committee and UNDP. Co-chaired by MoFED and UNDP, the Committee will meet twice a year to review the progress and provide guidance on the implementation of the project. More specifically the Committee will:

- Review progress and outcomes of the project components
- Review implementation experiences and lessons learned and make adjustment as necessary
- Provide strategic guidance for future direction and program development, and
- Ensure transparency and adequate public communication regarding implementation of the project.

The MoFED will be responsible for the management of the day-to-day activities of the project in close collaboration with UNDP. A Project Manager will be assigned within MoFED to oversee the day-to-day activities of the project and he/she will work closely with the Program Coordinator of the DAG Secretariat within UNDP to ensure timely implementation and monitoring and evaluation of agreed activities. The Program Manager and the Program Coordinator will also provide joint secretarial support to the Steering Committee.

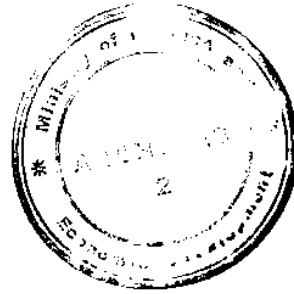


Execution arrangements

The project will be implemented using National Execution (NEX) modality. Accordingly UNDP will advance funds to responsible partners in Government based on approved work plans. Some components of the project will be implemented by UNDP s outlined n the Results and Resources Framework Table.

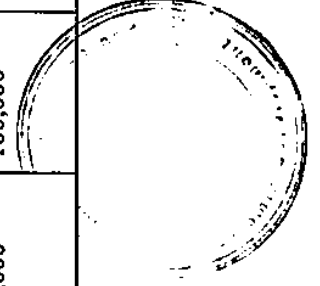
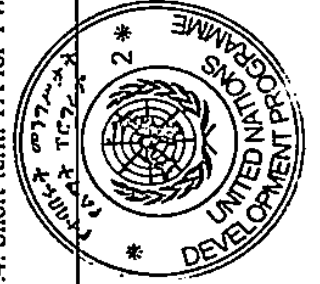
A general management support fee on 7% will be charged by UNDP to the project to cover various administrative and program support costs.

IV. Results and Resources Framework

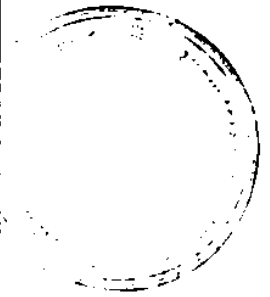
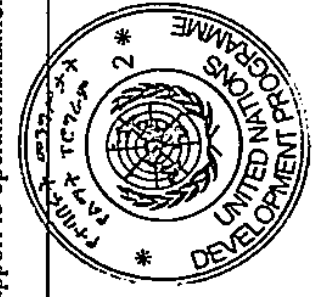


Results and Resources Framework Table

Intended Outcomes: The capacity of MoFED enhanced in the overall coordination, resource allocation and management, planning and external economic cooperation							
Outcome Indicators:							
No. of systems established/enhanced/ manual prepared							
No. of personal trained							
No. of personal trained in program/project planning, implementation, negotiation and budgeting							
Quality of services provided							
No. of timely compiled project/program progress data and availed for users							
Quality of Macro Economic data and APR reports on PASDEP prepared							
No. of review meeting held and issues resolved							
Partnership strategy: UNDP will continue in its capacity as co-chair of the DAG and manager of the DAG Pooled Fund to facilitate support to the PASDEP process and the Government's strive towards the MDGs							
Project number and title: 00012462 - Phase III - Development Partner's Support to PRSP Process in Ethiopia							
Intended Outputs	Output Indicators	Activities	Year 1	Year 2	Year 3	Year 4	Responsible parties
1. Enhanced harmonized approach to support to the implementation of PASDEP and preparation of PRSP III in support of the MDGs.	1.1. Support to the PASDEP process	1.1.1. Workshops, consultations, study tours and facilitating of trainings to further enhanced dialogue among the Government and development partners	-	30,000	30,000	30,000	UNDP in consultation with MoFED
		1.1.2. Strategic studies and progress reports on the MDGs	-	50,000	-	50,000	UNDP in consultation with MoFED
		1.1.3. TA and Operational Support to the PRSP Secretariat	20,000	60,000	120,000	150,000	MoFED
		1.1.4. Short-term TA for TWGs	30,000	100,000	100,000	100,000	UNDP in consultation with MoFED



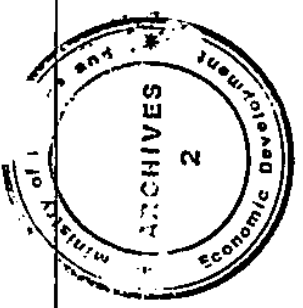
	1.2. Required support to the DAG and the Government provided by the DAG Secretariat	1.2.1. Institutional support to the operationalisation of the DAG Secretariat, e.g. staffing, technical facilities and travel.	130,000	250,000	250,000	250,000	250,000	UNDP
		1.2.2. Evaluation and audit of project	-	-	-	-	30,000	MoFED
	1.3. The successor plan to PASDEP (2010/11-2014/15) prepared	1.3.1. TA support to preparations of the Successor Plan to PASDEP (2010/11-2014/15)	-	-	30,000	30,000	70,000	MoFED
		1.3.2. Consultations on the preparations of the successor plan to PASDEP (2010/11-2014/15)	-	-	-	-	30,000	MoFED
	1.4. HLF Secretariat fully functional	1.4.1. Institutional support to the operationalisation of the HLF Secretariat, e.g. TA and technical facilities.	70,000	170,000	170,000	170,000	170,000	MoFED
		1.4.2. Capacity building activities through participation of Ethiopian policy makers in conferences, seminars and short study trips related to Harmonization	10,000	30,000	30,000	30,000	30,000	MoFED
	1.5. Strategic studies undertaken and findings applied by the Government	1.5.1. Analytical work related to specific harmonization issues, e.g. development of new aid instruments, harmonized sector-financing modality etc.	10,000	30,000	30,000	30,000	30,000	UNDP in consultation with MoFED
	1.6. AMP fully operational	1.6.1. Support to operationalization of AMP		150,000	150,000	-	-	MoFED



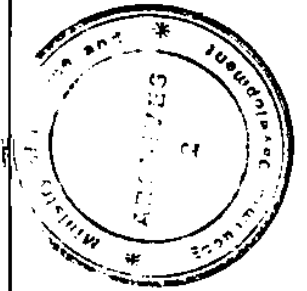
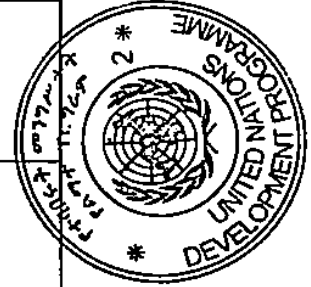
	1.7. Joint Declaration on Harmonization, Alignment and Aid Effectiveness finalized and progress monitored	1.7.1. Preparation of Joint Declaration on Harmonization, Alignment and Aid Effectiveness and monitoring of progress	-	20,000	-	20,000	Taskforce on Harmonization, MoFED
Total budget							
2. Strengthened monitoring and evaluation system of PASDEP to ensure informed decision-making.	2.1. Poverty Analysis Report prepared	2.1.1. Analytical works based on Household Income and Consumption Survey (HICES), Welfare Monitoring Survey (WMS) and Participatory Poverty Assessment (PPA), including launching of the report	270,000 200,000	890,000 20,000	910,000 25,000	960,000 350,000	MoFED (DPRD)
	2.2. Poverty mapping prepared	2.2.1. Poverty mapping based on census results	-	50,000	180,000	45,000	MoFED (DPRD)
	2.3. Database to support poverty monitoring of PASDEP and MDGs established	2.3.1. Establishment of data base to support poverty monitoring of PASDEP and MDGs progress	15,000	30,000	-	-	MoFED (DPRD)
	2.4. - Data management system developed	2.4.1. Support to development of a data management system for integration of census/routine data sets and tracking poverty indicators and dissemination of information	-	448,000	-	-	CSA
	2.5. Quick survey undertaken and data shared with MoFED for further analysis	2.5.1. Support to Quick survey	20,000	1,980,000	-	-	CSA



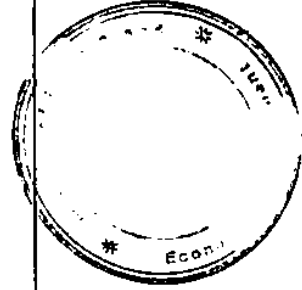
	2.6. TA provided to PASDEP monitoring and evaluation	2.6.1. TA for development of operational plans for PASDEP cycle, policy matrix, annual progress reports and, MDG reporting	10,000	40,000	40,000	40,000	MoFED (DPRD)
	2.7. Participation in key conferences and facilitation of exchange visits undertaken	2.7.1. Capacity building activities through participation of Ethiopian policy makers in conferences, seminars and study trips related to M&E	-	50,000	50,000	50,000	MoFED
	2.8. Strategic studies on poverty monitoring and evaluation	2.8.1. Strategic studies to inform the PASDEP and MDGs M&E system	-	50,000	50,000	50,000	MoFED (DPRD)
		2.8.2. Capacity need assessment and capacity building in poverty monitoring, including statistics, analysis and research (especially at woreda and regional levels)	-	80,000	50,000	-	MoFED (DPRD)
	2.9. Strategic studies that will inform the M&E system	2.9.1. Research, strategic studies and capacity building activities that will inform the M&E system	400,000	200,000	-	-	UNDP
Total budget			645,000	2,948,000	395,000	535,000	
3. Strengthened institutional capacity of MoFED and CSA	3.1. Equipment procured for CSA and MoFED	3.1.1. Institutional strengthening of MoFED and CSA through provision of equipment for poverty monitoring	20,000	20,000	-	-	MoFED



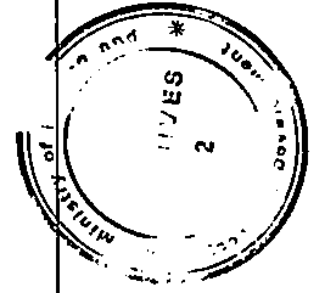
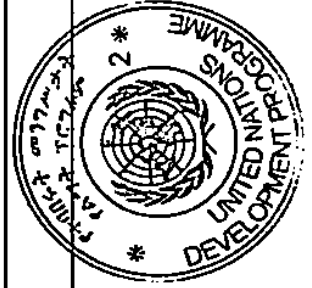
	3.2. MoFED and CSA staff trained in poverty monitoring & related fields	3.2.1. Support for Curriculum Development for Long-term Training Program of MOFED Staff 3.2.2. Capacity building of MoFED and CSA staff through long-term training in areas related to poverty monitoring	20,000	25,000	-	-	MoFED
			30,000	150,000	-	150,000	MoFED/CSA
Total budget			70,000	195,000	-	150,000	
4. Macro modeling strengthened	4.1. Macro modeling developed and incorporated in the monitoring and evaluation system for the PASDEP	4.1.1. Support provided to macro modeling and analysis to assess impact of policies, including the development of input-output tables, CG and SAM models, facilities for dissemination and capacity building	200,000	300,000	-	300,000	EDRI (To be discussed)
Total budget			200,000	300,000	-	300,000	
5. Enhanced awareness on the PASDEP and MDGs	5.1. Popular version of PASDEP produced and disseminated throughout the country	5.1.1. Translation of PASDEP into Amharic and other local languages and development of a popular version of PASDEP materials	10,000	-	-	-	MoFED (DPRD)
	5.2. Sensitization of PASDEP and MDGs undertaken	5.2.1. Dissemination of PASDEP and related information in form of publications and media campaigns 5.2.2. Multi stakeholder poverty dialogue forums (at regional and federal level) for sensitization on PASDEP implementation, monitoring and evaluation and annual reviews	156,000	156,000	156,000	156,000	MoFED (DPRD)
			-	40,000	40,000	40,000	MoFED (DPRD)



Total budget				166,000	196,000	196,000	196,000	
6. Enhanced harmonized support to private sector	6.1. Strategic studies on private sector development	6.1.1. Refinement of strategies on private sector development, with particular attention to export and trade in MCB		25,000	25,000	25,000	25,000	UNDP in consultation with MoTI
Total budget				25,000	25,000	25,000	25,000	
7. Harmonized support to the implementation of ESDP	7.1. Strategic studies to inform ESDP undertaken	7.1.1. Studies on key education sector issues in Ethiopia.		650,000	1,000,000	1,000,000	1,000,000	UNDP in consultation with MoE
	7.2. Participation in key conferences and facilitation of exchange visits undertaken	7.3.1 Capacity building activities through participation of Ethiopian policy makers and key implementers in conferences, seminars, short study trips or visits.		-	50,000	50,000	50,000	UNDP in consultation with MoE
	7.3. TA provided to assist the MOE	7.4.1. TA to assist the MOE on policy related research and innovation			50,000	50,000	50,000	UNDP in consultation with MoE
Total budget				650,000	1,100,000	1,100,000	1,100,000	
8. Gender issues appropriately mainstreamed and reflected in PASDEP and	8.1. Strategic studies to inform the operationalisation of NAP undertaken	8.1.1. Strategic studies in support to the operationalization of NAP		200,000	300,000	300,000	300,000	UNDP in consultation with MoWA
Total budget				200,000	300,000	300,000	300,000	



PASDEP and sectoral policies.	8.2. Monitoring and evaluation of gender issues integrated in the PASDEP monitoring and evaluation system	8.2.1. Support to further gender analysis and overall gender sensitivity of PASDEP monitoring and evaluation system (including the core indicator set, data collection methods)	-	30,000	30,000	-	UNDP in consultation with MoWA
	8.3. Participation in key conferences and facilitation of exchange visits undertaken	8.3.1 Capacity building activities through participation of Ethiopian policy makers and key implementers in conferences, seminars and study trips.	-	50,000	50,000	50,000	UNDP in consultation with MoWA
	8.4. TA provided to assist the MoWA	8.4.1. TA to assist the MoWA on policy related research and innovation	20,000	50,000	50,000	50,000	UNDP in consultation with MoWA
		8.4.2. Institutional strengthening of MoWA through support to capacity building and provision of equipment	20,000	20,000	20,000	20,000	UNDP in o
	8.5. Participatory dialogue on gender enhanced among stakeholders	8.5. Support to strengthen and broaden participation, dialogue and networking amongst concerned stakeholders	-	30,000	30,000	30,000	UNDP in consultation with MoWA
Total budget			240,000	480,000	480,000	450,000	
Total budget			2,266,000	6,134,000	3,556,000	3,266,000	
Total budget 15,222,000							



Section III the Total Workplan and Budget

Preparation of Annual Workplan

The Programme Manager in MoFED will in close consultation with the Programme Coordinator in the DAG Secretariat prepare the annual work plan for the implementation of the project. The work plan will be presented to the Steering Committee for their comments and progress reports will be presented accordingly.

Budgeting

In light of the iterative and incremental nature of the PRSP process, the budget will be formulated on a rolling basis. The overall budget is attached and will be updated based on new requirements and additional contributions from development partners.

Monitoring

The project will be monitored based on the Communication and Monitoring Plan that outlines which activities and outputs will be monitored, reviewed, and evaluated throughout the project cycle. An end of project evaluation is planned as part of the Monitoring and Evaluation activities.

Reporting

The Programme Manager and the Programme Coordinator will jointly prepare an annual narrative and financial report on the supported activities, which will be shared with the contributing development partners.

Audit

The project will be audited according to UNDP rules and regulations for NEX executed projects and minimum once during the project duration.

Section IV the Legal Context

This document together with the CPAP signed by the Government and UNDP, which is incorporated by reference, constitute together a Project Document as referred to in SBAA and all CPAP provisions apply to this document.

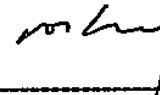
For UNDP

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For Government of Ethiopia



Sam Barnes
UNDP Resident Representative a.r.



Mekonnen Manyazewal
State Minister, Ministry of Finance and
Economic Development (MoFED)

