



Phase V – Development Partners’ Support to the implementation of the 2nd Growth and Transformation Plan (GTP II).



Source: USAID, Rehabilitated land through PSNP.

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Table of Contents

Acronyms	3
Project Description	4
Background	5
I. EFFECTIVE SUPPORT TO THE IMPLEMENTATION OF GTP II AND SDGs.	6
1.1. Voluntary National Review of Sustainable Development Goals with political parties	6
1.2. GTP II Annual Progress Report and 2017 voluntary National review	6
1.3. Strategic studies	7
1.4. Poverty Analysis Study	8
1.5. Capacity building Support to National Planning commission.	8
1.6. Logistical Support to NPC	9
II. EFFECTIVE DIALOGUE BETWEEN GOVERNMENT OF ETHIOPIA AND DAG.	10
2.1. High Level Forum	10
2.2. DAG RETREATs	11
2.3. DAG ExCoM	12
2.4. Dialogue with the Deputy Prime minster	12
2.5. South-south cooperation: Experience Sharing In AID COORDINATION.	14
2.6. Governance Technical Working Group (GTWG)	14
2.7. Policy Advisory and Administrative support.	15
III. AID EFFECTIVENESS AND HARMONIZATION TARGETS ACHIEVED	17
3.1. Effective Development Cooperation Taskforce	17
3.2. SECTOR WORKING GROUPS	17
3.3. Aid Management Platform (AMP)	18
3.4. IMPLEMENTATION OF ADDIS ABABA ACTION AGENDA (AAAA)	19
IV. CHALLENGES PROGRESS AND WAY FORWARD	20
V. Financial summary	i
5.1 TOTAL CONTRIBUTION	i
5.2 SUMMARY OF EXPENDITURE BY OUTPUT (January -December 2017)	i
5.3 DETAILED EXPENDITURE BY OUTPUT (January -December 2017)	ii
5.4 Results SUMMARY (January – December 2017)	iv

Acronyms

AAAA	Addis Ababa Action Agenda
AMP	Aid Management Platform
APR	Annual Progress Review
AWD	Acute Watery Diarrhea
AWP	Annual Work Plan
CSA	Central Statistical Authority
CSO	Civil Society Organization
CSSWG	Civil Society Sector Working Group
DAG	Development Assistance Group
DFA	Development Finance Assessment
DFID	Department for International Development
DPs	Development Partners
DPM	Deputy Prime Minister
DRM SPIF	Disaster Risk Management Strategic Programme and Investment Framework
EHCT	Ethiopia Humanitarian Country Team
EDCTF	Effective Development Cooperation Taskforce
ExCom	Executive Committee
FDRE	Federal Democratic Republic of Ethiopia
FGD	Focused Group Discussions
GPEDC	Global Partnership on Effective Development Cooperation
GTP II	Second Growth and Transformation Plan
GSWG	Gender Sector Working Group
GTWG	Governance Technical Working Group
HICES	Household Income Consumption Expenditure Survey
HLF	High Level Forum
HRD	Humanitarian Requirement Document
HoA	Heads of Agency
ILRI	International Livestock Research Institute
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MoFEC	Ministry of Finance and Economic Cooperation
MTEF	Medium Term Expenditure Framework
NPC	National Planning Commission
ODA	Official Development Assistance
PSNP	Productive Safety Net Programme
PSTD	Private Sector and Trade Development
SC	Steering Committee
SDGs	Sustainable Development Goals
SoE	State of Emergency
VNR	Voluntary National Review
WASH	Water, Sanitation and Health
WMS	Welfare Monitoring Survey
UNCC	United Nations conference Center
UNOCHA	Office for the Coordination of Humanitarian Affairs

Project Description

PROJECT TITLE	Phase V – Development Partners’ Support to the implementation of the Second Growth and Transformation Plan (GTP II).
COUNTRY: LOCATION	Ethiopia: Federal level
PROJECT ID	Award: 00094867 Project: 00098939
PROJECT DURATION	March 2016 – June 2020
UNDAF OUTCOME(S) OUTPUTS	Outcome 13: By 2020, national and sub-national institutions apply evidence based result oriented and equity focused decision making, policy formulation, programming design, monitoring, evaluation and reporting. Output 13.2: Enhanced capacity of government institutions and national regional actors to collect, analyse and utilize socio-economic, gender, environmental, governance and other disaggregated data to formulate equity and evidence-based development policies, strategies and programmes.
TOTAL BUDGET (ACTUAL EXPENDITURE)	USD 4,665,029. USD 1,553,099.
IMPLEMENTING PARTNER AND RESPONSIBLE PARTY	Ministry of Finance and Economic Cooperation (MoFEC) and National Planning Commission (NPC).

Background

DAG phase V project- *Development Partners' Support to the implementation of the second Growth and Transformation Plan (GTP II)* contributes to strengthening the capacity of National Planning Commission (NPC) and Ministry of Finance and Economic Cooperation (MoFEC) to make informed decisions and play strategic roles in evidence based planning, implementation, monitoring and evaluation of national and international development plans. To this effect, the DAG project provides technical and financial support to these institutions to enable them fulfil their goals and mandates.

The Development Assistant Group (DAG) ¹ has 30 bilateral and multilateral members supporting the Government of Ethiopia (GoE) in implementing the national development plan- the Second Growth and Transformation Plan (GTPII) and the Global Sustainable Development Goals (SDGs). The DAG coordinates and aligns development partners' programming support towards the achievement of these goals, whose objective is to eradicate poverty and bring structural transformation of the economy.

The DAG Project supports the Government and development partners to enhance compliance with the global aid effectiveness agenda and meet aid effectiveness commitments and targets. The project also contributes to harmonize support through various policy dialogue platforms such as the High Level Forums (HLF), Sector & Technical working groups (S/TWGs) and Effective Development Cooperation Taskforce (EDCTF). The EDCTF is chaired by MoFEC and follows-up on decisions agreed upon at the High Level Forum; oversees the functionality of sector working groups; ensures the implementation of aid effectiveness action plans and extends support to Global Partnership on Effective Development Cooperation (GPEDC) monitoring surveys. Furthermore, the DAG project supports the Aid Management Platform (AMP) to track Official Development Assistance (ODA) flows to Ethiopia for well-informed planning and decision making.

This progress report covers the period from 1st January to 31st December of 2017 outlining the major achievements, challenges and opportunities of the DAG project.

¹ KOICA was the last DAG member to join in February 2016. Members include: African Development Bank (AfDB), Austria, Belgium, Canada, Denmark, DFID, European Union, Finland, France, Germany, IMF, India, Ireland, Israel, Italy, Japan, KOICA, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, the UN, USAID, , and the World Bank. The UN is represented by the RC, and the UNCT is currently represented by WFP and UNAIDS.

I. EFFECTIVE SUPPORT TO THE IMPLEMENTATION OF GTP II AND SDGs.

1.1. VOLUNTARY NATIONAL REVIEW OF SUSTAINABLE DEVELOPMENT GOALS WITH POLITICAL PARTIES

The National Planning Commission (NPC) and its bureau of Monitoring and Evaluation is responsible for executing the first output, concerned with the provision of effective support to the implementation of GTP II and SDGs. This output contributes towards making national and sub-national institutions apply evidence based result oriented and equity focused decision making, policy formulation, programming design, monitoring, evaluation and reporting.

In line with this, the Commission organized a one day consultative meeting with national and regional political parties on the draft Voluntary National Review (VNR) Report of the Sustainable Development Goals (SDGs), during the second quarter of 2017. The consultative meeting contributed to ensure responsive and inclusive participation at all levels towards the achievement of SDGs and GTP II. The meeting was concluded with a resolution that NPC should share the necessary documentation with relevant stakeholders well in advance for meaningful engagement and deliberations in the future.

The meeting was opened by H.E. Commissioner, Dr. Yinager Dessie and attended by representatives from thirty political parties operating in the country. The Deputy Commissioner, Ato Getachew Adem presented the objective of a VNR; methodology of the review; source of data; the role of stakeholders in the review process including challenges and opportunities of conducting the Voluntary National Review.

At this consultative meeting political party leaders underscored the importance of organizing such forums. Two priority areas were emphasized i) that independent studies should be conducted to ensure environmental sustainability particularly in industrial parks and ii) effectiveness of land policies should be properly evaluated. Other issues raised include the lack of democratic and political space, this was highlighted as a main concern in the country; Human rights and challenges around corruption were also highlighted as critical impediments to achieving development. In addition, the consistency of information and discrepancy of data were flagged by representatives of political parties as challenges. It was recommended that Government should consider devising a mechanism that will verify the credibility of administrative data before officially communicating achievements. The problematic nature of the Federal system due to existing conflicts between some regions was also noted.

1.2. GTP II ANNUAL PROGRESS REPORT AND 2017 VOLUNTARY NATIONAL REVIEW

The Federal GTP II Annual Progress Review consultation with development partners was unique as it brought together the GTP II and Voluntary National Review (VNR) consultation in one forum. The

aim of the meeting was to provide an opportunity to development partners to deliberate and provide feedback on the implementation of GTP II and SDGs.

The DAG presented a statement commending the Government of Ethiopia for the swift response to the climate change induced drought and noted that more frequent and intense droughts might jeopardize the progress achieved thus far by exacerbating food insecurity. As partners supporting Ethiopia, the DAG urged the Government to thoroughly explore ways to address the root causes of food insecurity in the country taking into account macro-economic projections; climate resilience initiatives and risk profiling in the medium and long term plans.

The need for comprehensive and integrated industrialization strategy; inclusive citizen partnership and conducive business environment for the private sector were the highlights of the consultation. It was noted that prioritization and proper management of sectoral resources; balance between federal capital expenditures and allocation to basic services should be carefully considered in light of equity and regional disparities. Fostering and promoting good governance, political stability and national cohesion were specified as indispensable to safeguard the evident development gains achieved by the country.

Furthermore two additional federal level consultations were held with Parliamentarians and representatives of the private sector; women, youth, civil society and religious institutions to incorporate feedbacks on the implementation of GTP II.

1.3. STRATEGIC STUDIES

Strategic studies whose objective is to enhance the achievement of national development goals are conducted annually by the National Planning Commission. During the reporting period, NPC assessed the performance of leather and garment industries; gold mining; irrigation and investment incentives for public development projects. The fact that the strategic studies have been conducted by internal experts of NPC shows that the capacity of the Commission has improved in conducting researches and analysis.

In 2017 the Commission undertook assessments to evaluate modern and artisanal gold mining; the performance of leather and garment industries and public construction projects. A team that comprised of NPC staff serving in various directorates reviewed the experience of some African countries; collected data from the relevant institutions/sector bureaus and conducted Focused Group Discussion (FGD). The objective of the assessment was to evaluate the current status of the implementation, identify challenges and inform decision makers with adequate, credible and timely data to improve the overall transparency and accountability. Likewise, studies in the financial sector, particularly on Government Development Loan disbursement and utilization has been conducted. The study assessed the effect of investment incentives on performance, distribution and utilization of development loans in the past twenty one years.

The study team is expected to present the finding of these studies to the NPC management and relevant stakeholders in 2018 for validation. The target was to avail the summary of at least one study report. NPC has agreed to avail the summary of these studies to DAG members in English in 2018.

1.4. POVERTY ANALYSIS STUDY

The poverty analysis preliminary report was launched by NPC in the third quarter of 2017. This is NPC's flagship report, that aims to contribute to the improvement and effectiveness of on-going programmes on poverty reduction. The preliminary report was prepared using the 2015/2016 Household Income and Consumption Expenditure Survey (HICES) and Welfare Monitoring Survey (WMS) data. The main objective of the interim report was to share key findings of the study with the public. The report indicated that Ethiopia's per capita GDP has more than doubled from USD396 in 2010/11 to USD 794 in 2015/16. The national poverty incidence has declined from 29.6% in 2010/11 to 23% in 2015/16. The achievement in poverty reduction could be attributed to the wide range of multifaceted pro-poor programmes implemented by the Government in rural and urban areas in all sectors. The regional poverty head count index has declined across all regional states and in both urban and rural areas. However, the rural poverty incidence is almost twice as high as the urban poverty. Between 2010/11 and 2015/16 about 5.3 million people has been lifted out of poverty. Although the total number of population has increased from 84 million in 2010/11 to 93 million in 2015/16, the number of poor population declined from 25.1 million to 21.8 million. The report indicated that income inequality measured by Gini Coefficient of consumption expenditure increased from 0.3 to 0.33 at national level. The final report will be released in mid-2018 after the quality assurance exercise is completed.

The interim report outlined government's intention to reduce poverty mainly through economic growth; equitable distribution of public spending and income redistribution in times of crisis. The report highlights among others that in an effort to achieve economic gains and reduce poverty, Government spending has increased steadily from 94 billion birr in 2010/11 to 149 billion birr in 2015/16. The interim report highlights poverty as one of the consequences of various shocks the country has faced including drought and inflation. Poverty analysis is an integral part of the overall monitoring and evaluation system and is an important tool in guiding policy for targeting poverty reduction in national households.

1.5. CAPACITY BUILDING SUPPORT TO NATIONAL PLANNING COMMISSION.

As part of the institutional capacity development provision, the DAG pooled fund supports the NPC with its ambition to embark on a five-year strategic plan within its institutional and the wider public service reform programme. To this effect, the NPC's staff received training on balanced score card to implement the strategic plan by divisions, sub-divisions, work unites and individuals by the Ethiopian Civil Service University. Since NPC prepares national development plans and conducts monitoring and evaluation of the plan, the three weeks on-job training was focused on providing relevant and practical skills that are applicable to the

day-to-day work of NPC. The training was useful for NPC staff to clearly understand the commission's and the public service reform agenda. In this training a total of 42 staff members participated. Out of which, 14 were female in different levels of management and technical expertise, i.e. 1 Director, 1 Team leader, 2 senior experts and 10 junior experts.

In addition to the above, the NPC conducted a consultative Workshop on monitoring and evaluation as well as data/information exchange, whose objective was to build the capacity of NPC staff in producing and disseminating quality data for planning and decision making; facilitate proper communication among the institutions; share information on monitoring and evaluation of GTP II & SDGs; implement geo-spatial development plans and prepare for the upcoming Population and Housing Census of Ethiopia, which will be held in 2018. The workshop held in the first quarter of 2017 was a positive stimulant to strengthening the linkages among the National Planning Commission, Central Statistical Agency, Ethiopian Mapping Agency, the Regional Planning Commissions and Regional Bureaux of Finance and Economic Cooperation.

Furthermore, NPC organized a workshop on the preparation of legal framework for public investment management system in Ethiopia. The workshop was conducted for two weeks from 14 to 26 November, 2017 in Ethiopian Management Institute. The objective of the workshop was to identify strength, weakness, challenges and opportunities of the existing public investment management system and develop a draft regulation. Accordingly the draft public investment management framework has been prepared. The draft regulation will be further developed through public deliberations with relevant stakeholders and will be submitted to the Council of Ministers for approval.

1.6. LOGISTICAL SUPPORT TO NPC

Through contributions from the DAG pooled fund, support was extended to NPC on administrative and logistical basis e.g. routine planning, monitoring and evaluation activities. The pooled fund financed costs related to project personnel, operational expenses including office supplies, equipment maintenance and vehicle running costs. The DAG pooled fund also supported NPC's ICT department by procuring two multitasking printer/copiers.

II. EFFECTIVE DIALOGUE BETWEEN GOVERNMENT OF ETHIOPIA AND DAG.

2.1. HIGH LEVEL FORUM

Efforts to increase the impact of development cooperation to a large extent require that effective dialogue takes place between the GoE and development partners. To this end priority is given to enhance effective engagement through dialogue platforms. The bi-annual High Level Forums between the GoE and the DAG embody this effort. The target was to hold two HLFs on agreed topics between the GoE and DAG. However, only one was forum was held in 2017.

The 18th High Level Forum between the Government and DAG was held on 7th March 2017 under the theme *'Industrialization, Job Creation and Youth Employment'* in Ministry of Finance and Economic Cooperation. The HLF recognised the need to address recurring humanitarian challenges with a long term solutions and the importance of enhanced coordination across programmes. The Government informed DAG members that identifying root causes; better planning and resilience building through investments on rural infrastructure; irrigation schemes and institutionalizing PSNP using national social protection system were some of the policy directions that will be pursued by the country for sustainable development path. Futhermore, it was agreed that both the Government and DAG members through the Effective Development Cooperation Taskforce (EDCTF) will set targets and work towards improving Ethiopia's results on Global Partnership on Effective Development Cooperation survey.

Concerted efforts were called for addressing domestic private sector development, entrepreneurial competency, land administration, finance and productivity challenges in order to bringing about the desired structural transformation of the economy. Furthermore, development plans that include environmental and social safeguards such as fair compensation, skill development and certification were stated as fundamental for the future development of the industrial sector. The Forum brought together Government officials including Ministers, State Ministers Deputy Commissioners and Directors from various Government intuitions and DAG members.

The second HLF was originally planned to take place in the third quarter of 2017. GoE and development partners agreed on one topic i.e. the Humanitarian-Development nexus. A consultant was hired through the Resident Coordinator's office to develop a concept note that was to frame the challenges faced in the arid and semi-arid areas of the country and to

outline strategic interventions to build resilience of the communities. In light of the extensive nature of the topic and the need to concretely outline the challenges and recommendations, it was agreed to postpone the HLF to early 2018. The first draft of the concept note was submitted by the Consultant to MoFEC management. MoFEC is leading the GoE efforts to build resilience.

2.2. DAG RETREATS

In order to harmonise and align the delivery of development assistance, the DAG members had the opportunity to internally engage, consult and brainstorm among themselves so that collectively, development partners work together to assist strengthen the GoE's national development strategies and increase alignment to national priorities as outlined in the GTPII.

To this end, the DAG held two retreats in 2017, the first retreat was organized to identify priorities for 2017 and prepare for the 18th High Level Forum with Government. Panel discussions were held on the humanitarian-development continuum, GTP II and youth employment opportunities. The discussions and presentations highlighted among others that the high level of underemployment is attributed to low education levels and lack of skills of rural workforce. Furthermore, recurrent failure of the Belg rain caused drought vulnerability particularly in the pastoralists' areas. It was noted that this necessitates risk management, additionally the participation of the private sector was stressed as a critical condition to stimulate Ethiopia's economic transformation.

The following issues were also discussed; The overall Disaster Risk Management Strategic Programme and Investment Framework (DRM SPIF); the agricultural trend analysis of Ethiopia since 2013; delivering the second half of the Ethiopian economic miracle; macro-economic policy issues with a set of policy recommendations; employment dynamics in Ethiopia from 1999 to 2013 focusing on rural youth challenges and related to education, skills gaps and employment; required policy reforms to ease the cumbersome business procedures and improve the tax administrative system.

The key messages from the retreat deliberations were summarized and used as inputs for development partners deliberations at the HLF. The proposed entry points included support to SDGs; land management; youth employment; social and labour safeguards and governance reforms.

The second retreat held in the third quarter reflected on effective ways of delivering development assistance to Ethiopia. The retreat noted that the demographic challenge, rapid urbanization, drought and other related challenges are posing threats to development efforts. The retreat assisted in deepening the understanding of participants - the reality of

the context in which they operate; making commitments to what needs to be changed in terms of using capabilities better by removing barriers to collaboration of diverse range of actors to enable sustainable progress.

Key recommendations were proposed for early warning to early action; shock and disaster proof programming; more integrated financing architecture and culture; and emphasising more on equity in line with SDGs. The action points included; the need for holistic financing strategy; stronger accountability from federal to regional levels; sectoral policy dialogue with the government; risk informed decisions by all actors; accountability at both the federal and regional level; addressing root causes, risks, vulnerabilities and social norms that stand in the way of building resilience and transparency regarding priorities of the country.

2.3. DAG EXCOM

The DAG's priority areas were discussed at ExCom level and subsequently agreed upon and endorsed by the DAG HoAs. The DAG Executive Committee (ExCom) under the leadership of current Co-Chairs Leslie Reed (USAID Mission Director) and UN RC/HC Ahunna Eziakonwa Onochie reflected on priorities for 2017 and agreement was reached to focus on the humanitarian/development agenda given the cyclical and recurrent nature of drought and the resulting needs arising as a consequence; social accountability; capacity development of critical government institutions in order to improve the ability of line ministries to respond and deliver on services and meet increasing needs; population growth data quality and the national economy.

The DAG agreed on the importance of formulating common positions in good time to allow timely engagement, when taking issues forward collectively or individually to government. The importance of sharing information on thematic areas using technical expertise from the sector working groups was also agreed upon together with the monitoring of progress against the GTP II and SDG goals. Finally it was agreed that shared understanding among DAG members is crucial for strategic engagement with the Government. The DAG committed to engage more broadly with external views by inviting guest speakers and experts to DAG HoA monthly meeting as well as collaborate at a strategic level with Ethiopian Humanitarian Country Team (EHCT), who formed a body -the EHCT ExCom. The EHCT ExCom uses the existing dialogue platform of the DAG ExCom to engage on pertinent issues relating to the New Way of Working (NWOW).

2.4. DIALOGUE WITH THE DEPUTY PRIME MINISTER

On behalf of DAG, the DAG ExCom held a series of consultative meetings with the Deputy Prime Minister of FDRE, H.E Ato Demeke Mekonnen to discuss the humanitarian situation in the country. The DAG ExCom initiated discussions on the possibility of developing medium

to long term plans, given the recurring nature of some of the humanitarian challenges the country is facing.

During the dialogue, the DAG ExCom commended the Government of Ethiopia for its leadership in responding to the 2015-16 drought, noting that Ethiopia is recognized as a role model across the world for its whole of government approach to disaster management. In these meetings the ExCom further urged the Government to show the same level of leadership in 2017, in terms of resourcing and managing the drought response. The ExCom also requested for greater visibility and transparency on Government's response planning, so that partners can respond in the most effective way, to the highest priorities.

During the third in a series of meetings planned to engage, the following issues were highlighted; synergy between Humanitarian Requirement Document (HRD) and Productive Safety Net Programme (PSNP); the crisis in Somali region; resilience building to mitigate the climate induced humanitarian crisis and development partner's response to the crisis.

The ExCom proposed to have a one plan-one system with improved efficiency for both HRD and PSNP to procure and distribute food and non-food items. The DPM agreed on the need to improve efficiency in the system, however on the issue of one system-one plan, the DPM informed that the GoE needed to further consult with the regional governments.

Somali Region

The critical nature of the humanitarian situation in Somali region, particularly in relation to the health crisis caused by the drought was one of the major issues that were central to the dialogue between the DPM and the ExCom during the reporting period. The DPM informed the DAG ExCom that the Government had mobilised not only resources but also health personnel, specifically to Jijiga. It was agreed that building long term capacity is crucial to handle climate driven humanitarian crisis in the future. To this end, it was agreed that co-operation between development partners and government in the area of resilience building specifically in agriculture, water and irrigation will be prioritised going forward.

It terms of communicating with partners, the DPM indicated that the Ministry of Information was to prepare a communications strategy that will provide additional information and support on messaging. Additionally, the DPM informed that Government established a National prevention and coordination steering committee comprising of critical line Ministries, chaired by the DPM to follow up on drought related issues and recommend timely actions.

2.5. SOUTH-SOUTH COOPERATION: EXPERIENCE SHARING IN AID COORDINATION.

Two high level delegations from Zimbabwe’s Ministry of Finance and Economic Development (MoFED) and Nigeria’s Ministry of Budget and National Planning (MBNP) visited Ethiopia in August and November to gain insight to the aid coordination structure and see first-hand the impact of effective development cooperation, given the substantial presence of development partners in Ethiopia. The Missions learned strategies to strengthen mutual accountability, national ownership and the experience of Ethiopia in managing the Aid Management Platform and synergizing various initiatives to avoid duplication.

The two delegations met with the government counterparts at the MoFEC, who shared the experience of Ethiopia on mutual accountability and national ownership. Best practices were shared on enhancing the alignment of various initiatives to national priorities and goals, while reducing transaction costs. During the two separate missions, the participants met with the DAG Co-Chairs Leslie Reed (USAID Mission Director) and Ahunna Eziakonwa-Onochie (UN RC/HC), who gave a strategic overview of the coordination structure facilitating dialogue between the GoE and development partners. The mission delegation also met with sector working groups, the rural economic development and food security - RED & FS and the basic & service delivery group – BSDG to learn more about how dialogue platforms support implementation of Ethiopia’s national development plan.

2.6. GOVERNANCE TECHNICAL WORKING GROUP (GTWG)

During the reporting period, the GTWG continued to reflect on Governance trends in Ethiopia and updated DAG-HoAs on critical governance issues in and around Ethiopia including on human rights and how the state of emergency could impact the country. Recognising the interplay of many sectors’ implications for Ethiopia’s stability and resilience, the GTWG designed a governance dashboard to assist the DAG consider how their work in different sectors can contribute to overall inclusive stability. The dashboard contains composite and sector risks ranging across political, security, economic, humanitarian to regional linked to several proxy indicators on various governance issues. Relevant global indicators, which give a sense of trends in Ethiopia year to year, are included on issues such as fragility, rule of law, ease of doing business, etc. The aim of the dashboard is to stimulate DAG level discussion on what can be done to support positive, inclusive outcomes to the challenging governance environment within Ethiopia through being able to consider the interplay of multiple sectors. DAG members suggested the dashboard aspires to be SDG friendly and requested GTWG to define the criteria for scoring and specify the source of information for the indicators. The group also provided substantial technical contribution to the design of GoE Human Rights Action Plan II.

GTWG also undertook a study on the degree of DPs' financial support to democratic institutions and processes in Ethiopia. The mapping exercise titled: *"Determining DAG actions regarding Governance and the State of Emergency in Ethiopia to support a peaceful and inclusive outcome"*. According to the paper DAG members collectively contributed the major share of ODA to Ethiopia. The analysis showed that an average assistance per annum, since 2008 has been USD\$3.6 billion. Since 1991 a total of USD\$48.1 billion has been invested in Ethiopia by its development partners, the majority of the fund coming from DAG partners. Similarly, DAG's financial pipeline from 2017 - 2022 shows commitments or pledges worth USD\$3.787 billion, an indication that the DAG is already providing a tremendous amount of support in the reform agenda. The group faced challenges in terms of getting co-chairs, who will lead the GTWG group and its sub-groups, CSSG and DHR. It is also difficult to convey governance analysis with core political element to DAG, which is focused on developmental works.

Civil Society Sector Working Sub-group convened two meetings that brought together more than ten CSO representatives to identify challenges in the sector. Generally, the challenges identified by the CSO representatives ranged from the absence of local officials; uncertainty on how to interpret and apply the SoE; restrictive environment and a challenging operating environment, regulatory issues; domestic and foreign resource mobilisation; weak partnership and cooperation with governmental agencies and internal capacity limitations of the CSOs.

2.7. POLICY ADVISORY AND ADMINISTRATIVE SUPPORT.

The DAG Secretariat provided policy advisory, and technical support the Governance Technical Working Group; drafting Terms of Reference for EDCTF and SWGs; follow-up of agreed action points by ExCom and HoAs; administrative and project management services to DAG pooled fund including finalisation of the 2018 Annual Work Plan (AWP); mobilising resources from DAG members and timely reporting of results. Logistical support to Annual Progress Review (APR) meeting, Effective Development Cooperation Taskforce meetings; DAG HoA retreats, monthly Executive Committee and Heads of Agency meetings were also facilitated by the Secretariat .

In order to foster effective dialogue between the Government of Ethiopia and DAG members, the DAG monthly meetings provide a platform to share information and enhance common understanding on issues. The HoA meetings continued to focus on emerging issues such as humanitarian situation in the country; humanitarian needs, funding requirements; nutrition update, animal health and food security; health issues particularly related with Acute Watery Diarrhoea (AWD) in Somali and other regions; operational and logistical challenges faced in

the humanitarian response; Internally Displaced People (IDPs); conflicts; the overlap between Productive Safety Net Programme (PSNP) and the Humanitarian Requirement Document (HRD); the revision of HRD and messaging to HQ of partner agencies were the core topics covered during the monthly meetings.

Further discussions on a New Way of Working were undertaken, in terms of bringing together both humanitarian and development actors to share information on how to deal with emergencies in protracted crises. It was noted that the situation calls for improved synergies between humanitarian and development actors to better respond to potential humanitarian emergencies through building the capacities of line ministries and affected communities.

III. AID EFFECTIVENESS AND HARMONIZATION TARGETS ACHIEVED

3.1. EFFECTIVE DEVELOPMENT COOPERATION TASKFORCE

In an effort to better institutionalize and strengthen the GoE-DAG coordination structure, Terms of Reference (ToR) were prepared both for the Effective Development Cooperation Taskforce (EDCTF) and Sector Working Groups (SWGs). The draft ToRs for the SWGs is a generic guide to the preparation of customized ToRs by each sector working group as appropriate.

Consistent with the interest generated during the 18th HLF to enhance coordination on issues of youth employment and job creation, discussions have been initiated with the Ministry of Industry and Private Sector Development and Trade (PSTD) sector working group to better align the various donor and government programs and initiatives towards job creation and industrialization.

The first EDCTF was held on March 1st 2017 to discuss on Sector Working Groups realignment with GTP II priorities; status of Addis Ababa Action Agenda (AAAA); Global Partnership on Effective Development Cooperation (GPEDC) monitoring survey results; Aid Management Platform (AMP) upgrading timelines and effective use of the platform.

The second EDCTF meeting was held on 29th June 2017 to formalize the EDCTF taskforce and strengthen its role and mandate in following up action points of HLFs, so as to increase resilience, while emphasizing the need for multi-sectoral development and relief approaches that contribute to a robust drought response.

3.2. SECTOR WORKING GROUPS

At a technical level, the Sector Working Groups have engaged in regular briefings to the DAG Heads of agency on a monthly basis. These briefings serve as an important means of information sharing allowing for strategic dialogue with the Government at higher levels in order to address issues timely, enhance common understanding and improve knowledge sharing among the DAG members.

During the reporting period MoFEC engaged line ministries and consulted widely with the DAG to establish and realign existing Sector Working Groups in accordance with GTP II priorities. Accordingly, generic Terms of References for the Sector Working Groups have been prepared and shared with relevant ministries by MoFEC. SWGs that were inactive such as the Civil Society Sector Working Group (CSSWG) and Monitoring and Evaluation Working

Group (M&EWG) have been revitalised. A bi-annual forum on Climate Resilience Green Economy and Gender Sector Working Group (GSWG) has been established. Energy sub-group under water and energy sector working group have been initiated to further enhance dialogue between Government and development partners.

The DAG Secretariat supported and facilitated the formation of the M&E Working Group (M&E WG), comprising of NPC and development partners. The group is co-chaired by both the NPC and the DAG is represented by the World Bank. Terms of reference (TORs) were drafted to support the effective functioning of the working group. After intensive consultation between the NPC and development partners, the M&E WG has come up with a proposal for joint indicators to monitor progress towards high-level national goals, as outlined in the GTPII. Agreement on the joint indicators is crucial, as this is the basis on which both the GoE and development partners hold each other accountable in line with the principles of the Paris Declaration on Aid Effectiveness, ownership, harmonisation, alignment, results and mutual accountability.

3.3. AID MANAGEMENT PLATFORM (AMP)

In the reporting period, AMP has been upgraded to version 2.13. The new features added to AMP include global partnership indicator; annual and medium term aid predictability; aid on budget, use of country system, automatic validation and freezing of historic data. AMP data-freezing feature, which locks records after a given period of time, has been installed. As a precondition, data cleaning will be undertaken by MoFEC and partner agencies focal points, before the feature is made operational. Profile and disbursement data cleaning is being done on the system by MoFEC and development partners' focal points. The testing of these new features was made in August and payment has been effected to Development Gate Way accordingly.

As outlined in the exit strategy, MoFEC made efforts to adequately staff its ICT department in order to take over the management of AMP from development Gateway. Two IT professionals - Software developer and Data-base manager- were recruited. A local IT firm -ITSC Plc provided Java training to five MoFEC's IT team to fulfil the exit procedures from Development Gateway. Five laptops have been procured using the DAG pooled fund for MoFEC's IT department to strengthen its capacity and manage the handover as seamlessly as possible.

According to the target, MoFEC provides trainings to equip AMP focal points to use the platform efficiently by entering quality and timely data for various analytical works. AMP refresher training was provided to a total of 22 focal points from 19 agencies on the inflow/outflow feature on 30th May-1st June, 2017. Training on the new feature has been provided to 15 MoFEC AMP users on 6-7 April 2017. Out of the total 37 trainees (MoFEC and

DPs) 22 were female. Thirteen trainees, who were new AMP focal points (8 from DPs and 5 from MoFEC) were assigned access to AMP workspace. Technical support was provided to five existing AMP focal points, who faced technical difficulties.

MoFEC published ODA Annual Statistical Bulletin using AMP data and distributed to relevant departments within the Ministry and DAG members through the Secretariat.

3.4. IMPLEMENTATION OF ADDIS ABABA ACTION AGENDA (AAAA)

The draft road map for the implementation of the Addis Ababa Action Agenda was reviewed by the joint Government-DAG AAAA taskforce. The taskforce approved the inception report, which presented a comprehensive analysis of the development finance landscape in Ethiopia, with recommendations to restructure the format of the report for clarity. Moreover, the taskforce recommended to enhance the draft report submitted by the consultant with concrete and measurable targets and baselines. Subsequently, MoFEC agreed to outline the way forward and engage pertinent line ministers.

In line with the agreement made during the March taskforce meeting, MoFEC took the lead in outlining the next steps to improve the draft report with a strong M&E framework and measurable targets. DAG Secretariat recommended the utilization of Development Finance Assessment (DFA) methodology to refine the roadmap. The UNDP Regional service centre was co-opted to provide technical assistance to the consultant in applying the DFA programming tool in the AAAA roadmap.

Consistent with the agreement, MoFEC drafted a Terms of Reference in order to incorporate detailed monitoring and evaluation framework. The taskforce is expected to decide on the deliverables in early 2018. The consultant is expected to finalise the roadmap in the first quarter of 2018. When the report is finalised MoFEC will present the roadmap to the DAG HoAs and follow-up the implementation closely.

IV. CHALLENGES PROGRESS AND WAY FORWARD

- ❖ Mobilisation of resource to fully finance the approved AWP of the DAG pooled fund.
- ❖ Receiving GTP Annual Progress Report 15 days before the consultative workshop for proper engagement.
- ❖ The budget allocation for Regional Consultation of 2015/16 APR was lower than what was required. Therefore, the Government complimented with ETB 5 million.
- ❖ The Poverty Analysis Report was delayed as the consultant could not get the welfare monitoring survey data from Central Statistics Authority (CSA) due to data cleaning and verification.
- ❖ Delays in entering AMP disbursement data on development partner's side creates challenges in getting up-to-date AMP information on ODA flows to Ethiopia.
- ❖ Freezing AMP historic data has been delayed as data cleaning process could not be completed as planned.
- ❖ The Secretariat was short-staffed during different periods of 2017 as the head of the Secretariat resigned in 2016 and the Finance and Administrative officer resigned in September 2017.
- ❖ The GoE-DAG Coordination unit at MoFEC, which was led by the UN Agencies and Regional Economic Cooperation directorate in the past, has now been moved to the International Financial Institutions Cooperation directorate since March 2017. The change in the management structure at MoFEC has caused some delays in implementing planned activities including the finalization of the roadmap for the Addis Ababa Action Agenda.

WAY FORWARD

- ❖ The DAG Co-Chairs and the Secretariat are involved in mobilising resources to the pooled fund from new and existing DAG members to meet the 2018 resource requirements.
- ❖ It has been communicated to NPC and MoFEC that in order to ensure the quality of dialogue on GTP APR meetings, the Secretariat needs to receive the APR document 15 days prior to the consultation for dissemination to development partners. This is to allow adequate time to partners to review and thereafter meaningfully engage consultatively at the APR meetings.
- ❖ The DAG Steering Committee advised NPC and MoFEC to look into other sources of finance to implement some activities from bilateral donors for the unfunded budget lines.

- ❖ The Secretariat engaged NPC's, Bureau of Monitoring and Evaluation to follow-up on the poverty analysis report and ensure that the consultant received the required information to complete the task.
- ❖ MoFEC recommended to DPs that entering AMP data should be included in the Terms of Reference of AMP focal points in order to institutionalise AMP management.
- ❖ MoFEC extended the deadline to clean historical AMP data until 31 December 2017. The historical data on AMP will be frozen by March 30th 2018. Partner agencies are strongly encouraged to ensure that their data is correct and up-to-date before 31st March 2018.
- ❖ Currently the Secretariat is fully staffed. The head of the secretariat position was filled in February 2017, while the process of recruitment for the Finance and administrative post was finalised at the end of 2017.

V. Financial summary

5.1 TOTAL CONTRIBUTION

NO	CONTRIBUTING DAG MEMBERS	2017-CONTRIBUTION RECEIVED (USD)
1	Germany	54,289.00
2	Italy	53,022.00
3	USAID	100,000.00
4	Spain	61,055.00
5	Sweden	65,747.00
6	DFID	64,652.00
7	Switzerland	81,313.00
8	Norway	168,141.00
9	Netherland	50,000.00
10	Ireland	53,707.00
11	Finland	22,396.00
12	European Commission	134,627.00
Total		908,949.00

5.2 SUMMARY OF EXPENDITURE BY OUTPUT (JANUARY -DECEMBER 2017)

Output	Budget (USD)	Expenditure (USD)					Balance (USD) compared to budget
		Q1	Q2	Q3	Q4	Total	
OUTPUT 1: Support to the implementation of GTP II and SDGs	374,132.00	-	107,587.45	23,522.65	64,865.64	195,975.74	178,156.26
OUTPUT 2: Effective DAG and Government Dialogue	512,160.00	143,875.24	175,902.82	139,337.47	123,468.23	582,583.76	(70,423.76)
OUTPUT 3: Improved AID effectiveness indicators	170,732.00	5,147.29	7,750.97	7,378.84	109,008.02	129,285.13	41,446.88
GMS (administrative overhead)	84,562.00	12,490.65	22,762.55	12,243.87	23,888.46	71,385.53	13,176.47
Unrealized Gain or Loss		(38.82)	2,195.62	165.33	1,467.31	3,789.44	(3,789.44)
TOTAL	1,141,586.00	161,474.36	316,199.41	182,648.16	322,697.66	983,019.60	158,566.41

5.3 DETAILED EXPENDITURE BY OUTPUT (JANUARY -DECEMBER 2017)

Output	Description of Activities	Q1	Q2	Q3	Q4	Total
OUTPUT 1: Support to the implementation of GTP II and the SDGs	Support to the implementation of GTP II and the SDGs	-	107,587.45	23,522.65	64,865.64	195,975.74
	Consultation with development partners on GTP II APR			5,810.10	13,506.80	19,316.90
	9 regional and 2 city administration consultations with stakeholders		64,084.42			64,084.42
	Printing of GTP APR/ GTP II in Amharic and English		1,296.54		268.59	1,565.13
	Preliminary national poverty report & Final Report of Poverty Analysis		24,302.75	5,214.64	40,717.32	70,234.71
	Quality Assured poverty analysis					
	Studies on selected strategic themes					
	Logistics		17,903.74	12,497.91	10,372.93	40,774.58
OUTPUT 2: Dialogue between DAG and Government of Ethiopia	DAG and Government Dialogue	143,875.24	175,902.82	139,337.47	123,468.23	582,583.76
	Management, coordination, financial and administrative	17,676.63	16,929.66	15,323.03	9,192.57	59,121.89
	Technical assistance related to governance development effectiveness policy making and coordination	125,748.82	158,001.19	123,813.36	113,216.16	520,779.53
	DAG Website upgrade and subscription fee		193.00		630.27	823.27
	Connectivity charges	92.47	283.55			376.02

	DAG HOA Retreat	357.32	495.42			852.74
	2 High level forums GOE-DAG on agreed themes			201.08	429.23	630.31
OUTPUT 3: Aid Effectiveness and Harmonization	Improved aid effectiveness indicators	4,130.39	7,015.03	7,182.05	110,957.66	129,285.13
	AMP Upgrade-Payment for adding new module updating the existing one and exit strategy of AMP		-		103,325.00	103,325.00
	Amp coordinator at MOFEC			7,182.05		7,182.05
	Java and other necessary raining for MOFEC IT staff	4,130.39	7,015.03		7,238.16	18,383.58
	Consultant for the preparation of AAAA road map					-
	AAAA implementation roadmap validation workshop					-
	EDCTF action plan implementation -Policy analyst at MOFEC					-
	GPEDC monitoring findings assessment				394.50	394.50
GMS		12,490.65	22,762.55	12,243.87	23,888.46	71,385.53
Unrealized gain or loss		(38.82)	2,195.62	165.33	1,467.31	3,789.44
Total		160,457.46	315,463.47	182,451.37	324,647.30	983,019.60

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

5.4 RESULTS SUMMARY (JANUARY – DECEMBER 2017)

Planned Activities	Detailed Activities	Planned	CFY 2017	Objectively verifiable indicators	Comments
			Actual Jan-December 2017		
Output 1: Support to the implementation of GTP II and the SDGs					
1.1. Consultation on GTP II APR	Consultation with development partners on GTP II APR	25,000.00	19,316.90	Annual GTP Progress Review Report and Annual consultations	
	9 regional and 2 city administration consultations with stakeholders	70,556.00	64,084.42		
	Printing of GTP APR/ GTP II in Amharic and English	20,000.00	1,565.13		
1.2. GTP I Terminal report, printing & dissemination	Printing of GTP I Terminal report in Amharic and English	20,000.00		Number of disseminated documents	
1.3. Finalization of Poverty Analysis	Preliminary national poverty report & final Report of Poverty Analysis	79,500.00	70,234.71	Production of analytical work	
1.4. Poverty Analysis Quality Assurance	Quality Assured poverty analysis	25,000.00		Production of analytical work	
1.5. Conduct studies on selected strategic themes	Leather & Garment industries and; Gold mining sector performance evaluation assessment.	20,000.00		Production of at least 1 analytical work	
	Irrigation Development projects performance assessment	20,000.00			
	Government Loan supply for public development projects & private projects evaluation assessment	20,000.00			
	Investment incentives performance evaluation assessment				
1.6 Logistics	Logistics	74,076.00	40,774.58		
Sub-total		374,132.00	195,975.74		
OUTPUT 2: Dialogue between DAG and Government of Ethiopia					

2.1 DAG secretariat	Communication, project management, coordination, financial and administrative support	72,000.00	59,121.89	DAG input to performance review	
	Technical assistance related to governance, development effectiveness policy making and coordination	432,000.00	520,779.53	DAG input to performance reviews.	
2.2 Communication	DAG Web site upgrade and subscription fee	2,000.00	823.27		
	Connectivity Charges	3,160.00	376.02		
2.3 Retreat	DAG HOA Retreat	2,000.00	852.74	Retreat action points	
2.4 High Level Forum	2 high level forums GOE-DAG on agreed themes	1,000.00	630.31	HLF organized twice a year	
Sub-total		512,160.00	582,583.76		
OUTPUT 3: Aid Effectiveness and Harmonization					
3.1 Aid Management platform (AMP) upgrade	Payment for adding new module updating the existing one and exit strategy of AMP	103,300.00	103,325.00	Functional and accessible AMP	
3.2 AMP roll out to line ministries and regions	Amp coordinator at MOFEC	9,852.00	9,852.00	Functional and accessible AMP	Training of 10 new and existing AMP focal points.
	Java and other necessary trainings for MOFEC IT staff- MOFEC IT staff and procurement of Laptops	30,000.00		Functional and accessible AMP	
3.3 Preparation of joint GOE-DAG AAAA implementation roadmap	Consultant for the preparation of AAAA implementation road map	7,700.00	7,633.21		
	AAAA implementation roadmap validation workshop	2,000.00			
3.4 EDCTF action plan implementation	Policy Analysts at MOFEC	17,880.00	8,474.92	Regular follow up of EDCTF	
3.5 2016 GPEDC monitoring findings assessment					
Sub-total		170,732.00	129,284.58		
GMS		84,562.00	71,385.53		
Unrealized Gain or Loss			3,789.44		
Grand Total		1,141,586.00	983,019.60		

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