

JOINT ANNUAL REPORT
ON
ETHIOPIA – EC COOPERATION
2002

1. EXECUTIVE SUMMARY

In 2002 the Government's Sustainable Development and Poverty Reduction Programme (SDPRP) was adopted and provided a comprehensive development framework that took stock of the major policy changes and set the development agenda for the coming years. This major development took place against the background of a major overhaul of the set-up of the central and decentralised administrative system.

Ethnic tensions surged and disputes over the border with Eritrea continued to dominate the political agenda. Meanwhile, the economic performance took a dip, while there has been an increased openness towards private sector initiative. The challenges in the social area remain significant. While access to basic health and educational services has improved, the quality of these services has not. HIV/AIDS is a growing threat to developments in other areas.

Against this background and in the context of the Cotonou Agreement, Ethiopia and the EC signed a new partnership agreement (CSP). This builds on achievements of the past cooperation.

The transport sector continues to absorb the bulk of the financial resources. The results of the Road Sector Development Programme have however been mixed, and roads projects financed from the EDF have faced significant cost overruns.

In the context of the SDPRP the first Poverty Reduction Budget Support (PRBS) programme was launched. Other capacity building initiatives in the macro-economic and private sector field underpinned this approach. While follow-up of the PRBS also concentrates on the social sectors, the Commission continued to actively support the education sector with project support, notably through a newly launched Education Sector Development Support Programme.

In food security, the policy dialogue was intensified and much progress was made in devising a strategy that would favour a more sustainable approach than the food aid approach. The overall deteriorating food security situation however interfered with these developments and the EC provided significant resources to address the emerging crisis.

Preparations were made to engage in the area of democratisation, institution building and legal reform. The same is true for support to Non-State Actors.

Other activities, such as ones for coffee improvement and for regional programmes, continued to receive substantial support. The Commission also made considerable non-NIP resources available to support the overall development approach. This is particularly the case for the budget line resources that have been mainly directed towards food security interventions as well as social sector projects.

2. THE GOVERNMENT'S POLICY AGENDA IN 2002

The framework of the government's policy agenda in 2002 was set by Prime Minister Meles Zenawi's speech to the Parliament on 9 October 2001 where he presented a Plan of Action that comprised many important – often innovative – policy elements, such as: (i) the explicit recognition of the private sector “as the engine of growth”; (ii) the need for a better performing and more accountable and transparent civil service; (iii) the need for a clear separation between the government on the one hand and political parties on the other ; (iv) a deepening of the decentralisation process, devolving more powers to regions and woredas ; (v) the need for a sustained effort to improve the country's judicial systems ; (vi) the objective of enhancing agricultural production and marketing ; (vii) the need to promote human development through better education and health services ; (viii) a continued focus on the development of Ethiopia's poor infrastructure ; (ix) the need for huge efforts “across the board” in terms of capacity building.

During 2002 the government deployed many efforts on the concretization of the new priorities. Without claiming completeness, the following important initiatives are particularly worth mentioning: the preparation and start of the implementation of a National Capacity Building Programme (cost estimate 1.3 billion US\$) comprising 14 components; the preparation and implementation of a new system of channeling treasury resources through subsidy block grants directly to the woreda level; the revision of the National Food Security Strategy, incorporating many new elements recommended by the donor community; the creation of several platforms for policy dialogue between the government and the private sector ; the accelerated implementation of a Tax Policy and Administration Reform Programme, deemed indispensable for improving Ethiopia's dismal revenue generation ; and the preparation of the second editions of the Sector Development Programmes in Roads (RSDP-II), Health (HSDP-II) and Education (ESDP-II) as well as the production of a first sector development programme for the Water sector (WSDP).

However, a main feature during the year 2002 was the preparation of the PRSP. The final PRSP, renamed the Sustainable Development and Poverty Reduction Programme (SDPRP), was issued in July and discussed by the boards of the World Bank and the IMF in September. The boards considered the SDPRP of sufficient quality to qualify for concessional assistance. The local donors, united in the Donor Assistance Group (DAG) discussed the draft and the final PRSP. A Joint Partner Review was issued on behalf of the full DAG.

The SDPRP was presented to the international donor community at the Consultative Group meeting on 6 and 7 December. Prime Minister Meles Zenawi opened the CG, which was attended by a large number of high-ranking government officials. From the donor side, many multi- and bi-lateral donor agencies had representatives from their Headquarters.

The comments made by the donor community on the SDPRP can be summarised as follows: need to strengthen democracy; the rule of law and Human Rights; need to drastically increase Absorption and Implementation Capacity; need for further strengthening of Public Finance Management; need to institutionalize Non-State Actor involvement during SDPRP implementation and monitoring.

The support of the donor community became more concrete during the pledging session. Total donor pledges for the period EFY 95-EFY 97 (2002/03-2004/05) amounted to US\$ 3.6 billion, an amount that covers almost entirely the financing gap of the SDPRP, which is estimated at around US\$ 4 billion.

In general, it can be said that the relationship between the government and its external development partners has steadily improved during 2002. Dialogue, transparency and mutual confidence have increased notably.

In conclusion, it should be stressed that the government is again fully engaged towards a development agenda. The new government has begun tackling some of the major development challenges ahead. The SDPRP-document provides a confirmation of this tendency and maps out in more detail the way ahead for the three years to come.

3. UPDATE ON POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 Political situation

Politically, the year 2002 confirmed that Ethiopia is making progress in democratization. The government remains committed to substantially improving the human rights record, and in particular to develop democracy and good governance. In addition there was a strong commitment on the side of the Government to improve the rule of law and government accountability.

The report of Prime Minister Meles on 10 October 2001 to the parliament spelled out a series of measures to make the political system and the administration more responsive and efficient. At the federal level, responsibility was formally transferred from the Prime Minister's Office to the Ministries, which were in turn restructured. At the regional level, the Prime Minister suggested a clear division of powers between the legislatures, the executive and the judiciary and appropriate amendments were made to the constitutions of the major regional states (Amhara, Tigray, Oromiya and Southern Region). In the same context, power and financial responsibility started being devolved to the woreda (district) level, in order to bring administration and service delivery closer to the citizen. These measures could certainly improve administrative organization throughout Ethiopia.

The Government is making efforts to strengthen participatory democracy. There were forums in which the ruling party and opposition parties held discussions based on the country's current political, economic and social matters. The formulation of the SDPRP document as well as the awareness-raising for the Human Rights Commission and the Office of the Ombudsman, involved broad consultations with the population. The summer of 2002 saw broad, countrywide discussions between government officials (including Prime Minister Meles) and professors, teachers, students and the private sector. This participatory process is positive in itself, though at the same time it remains important to strengthen the legitimate role of parliament.

The challenges of the democratization process in an ethnically very diverse country rose to the surface in incidents in Tepi and Awassa, where local authorities were involved in

human rights violations. These incidents highlighted the not yet accomplished task for the Federal Government to translate the administrative decentralization into increased democratic accountability of the authorities at local level.

The performance of the judiciary over the past year has tried to improve both the legal process and legal codes. The comprehensive justice system reform is in progress. The establishment of the Human Rights Commission and the Office of the Ombudsman has not yet taken place.

In terms of foreign relations, Ethiopia's post-conflict relationship with Eritrea remained on the top of the agenda. The decision of the Boundary Commission on 13th April 2002, after a year and a half of deliberation, on the delimitation of the boundary line between the two countries was accepted by Ethiopia and Eritrea as final and binding. However, Ethiopia – in its statement of acceptance – put its own interpretation on the Decision as regarded the western area, and in particular as concerned the disputed town of Badme. It is the view of the Government of Ethiopia that the Decision of the Boundary Commission (putting Badme inside Eritrean territory), is still not in compliance with the Algiers Peace Agreement and the April 13th 2002 Boundary Commission Decision. This is why Ethiopia claims that the decision fails to respect colonial treaties and the facts on the ground.

Ethiopia's role in forging stability in Somalia - its volatile, stateless neighbour - is also crucial. For Ethiopia, Somalia is an important base for Islamic terrorists that are an immediate threat to Ethiopia and to international security. This is why the Government of Ethiopia is playing a crucial role in the ongoing IGAD peace talks, as a frontline state together with Kenya and Djibouti.

On a multilateral level, Ethiopia is an active member of the Implementing Committee of the New Partnership for Africa's Development (NePAD). Ethiopia is also advocating a strong African Union.

3.2 Economic situation

At the forefront of the macro-economic stability endeavour, there was a consumer price deflation (-7.2 %) reflecting primarily a bumper crop in the previous year and large inflows of food aid. Poverty-targeted expenditure reached 16.7% of GDP and a corresponding decrease in defense outlays to 5.9% of GDP were to be noted.

The food crisis had a significant impact on economic growth. **Real GDP growth in 2001/02** was revised downwards to 3.8%, from a previous projection of 5%, reflecting a revision in the estimate for agricultural production. The external current account deficit (including official transfers) rose to 6% of GDP, up from 4% in 2000/01.

Total exports in 2001/2002 were about ETB 3.4 billion (€ 378 million), 7.3% less than in 2000/2001. Ethiopia's top four export commodities are: coffee, hides and skins, *qat* and gold. The fall in export earnings was mainly caused by the decline in coffee prices. The increase in the export volume of coffee (8%) could not prevent a decline of 12 % in its export value. Export revenues of gold increased by 67.2% compared to 2000/2001. The increase in gold exports is attributed to the privatization of the largest gold mine.

The **economic climate** can be characterized by an increased openness of the government towards the private sector. In the telecommunications and energy sectors, foreign partners are invited to participate or to take over part of the management. For the banking and insurance sector, direct foreign participation is still not allowed.

In the fiscal arena, a commendable job has been done to put in place a Value Added Tax (with support of a multi-donor pool fund, of which the EC is the lead donor) so as to augment the revenue-generating capacity of the government.

The revision of the investment and urban land lease laws were a positive development on the part of the government to reinvigorate the role of the private sector in the effort to reduce poverty and bring about sustainable development. The government has seriously embarked on a **Public-Private Dialogue**. Regular dialogue sessions take place at the Ministry of Trade and Industry.

With regard to **financial sector reform** the HIPC triggers for the floating completion point are as follows: completing the financial restructuring of the Commercial Bank of Ethiopia; allowing the management of CBE to operate on commercial principles; provisioning for non-performing loans and other doubtful assets in line with international standard practices; and allowing and assisting private banks to enter into management contracts with foreign institutions. Progress is being made on all points, although not as fast as was hoped for.

The completion of the SDPRP provided an opportunity to align donor support with the SDPRP. This was one of the recommendations of the mission of the Special Programme with Africa (SPA), which was co-chaired by DfID and the European Commission. The SPA mission produced far-reaching recommendations with regard to budget support and donor **harmonization**. The government and the local donor community received the recommendations positively. The implementation of the recommendations will require substantial efforts of donors to harmonize their procedures and for the government to improve their Public Financial Management systems. The Harmonization Agenda will could have a significant impact on aid delivery in Ethiopia.

The government has embarked on an unprecedented **decentralization** programme. Up to 40% of the federal resources are channeled to lower tier governments, who have, according to the constitution, full autonomy to decide on the allocation of funds. This decentralization process brings power closer to the people, improving the effective allocation of funds. The consequences of this process for Public Finance Management systems and for Sector Development Programmes, which have been agreed upon with the Federal Government, were investigated. The Commission participates in the Public Expenditure Review (PER) and the Country Financial Accountability Assessment (CFAA). Both diagnostic instruments are of crucial importance for Direct Budget Support.

3.3 Social situation

In education, notable progress has been made with regard to the expansion of access towards education, which has resulted in a total primary school enrolment of 8 144 000 pupils in 2001/2002. This represents a gross enrolment rate of 61.6% (compared to 34.7% in 1996/7, the base year of ESDP I, which was concluded in 2002). However, performance against quality targets have not kept pace, and while much progress has been made with regard to teacher training, school construction, textbook production and distribution, etc, performance against related indicators has been moderate. This has been translated in an increased attention, within the context of ESDP II, towards these quality aspects. Overall implementation capacity remains a reason for concern, also taking into account the initial constraints imposed by the decentralization process.

The same is true with regard to the health sector : while some quantitative indicators have considerably improved, (e.g. number of health posts in the country increased from 76 in 1996 to 1193 in 2001 and increased potential coverage of curative services from 53% in 1996 to 62% in 2001), most qualitative indicators have not followed the same pace. As such, the utilization of Expanded Programme on Immunization (EPI) services has not improved and significant weaknesses have been noted on the human resource part, which has contributed to considerable capacity constraints in the health sector is faced with.

As regards HIV/AIDS, a great number of activities to respond to the epidemic have been developed over the past year. Meanwhile, HIV prevalence remains at 6.6% in Ethiopia (2001) – the decline registered against the previous year largely attributable to methodological changes in the sampling, and not to a real decline. Urban HIV prevalence rates are estimated at 13.7% - for Addis Ababa it is 15.6%. While general awareness levels are now high in urban areas, the main problem lies in the risk assessment in the perception of the population as a whole, which remains very low.

HIV/AIDS is now threatening to seriously disrupt the overall socio-economic environment of the country and will have a direct influence on the performance of sector programmes. It will therefore be necessary to step up coordination efforts to tackle the epidemic, with an emphasis on prevention, as well as care of affected people. The ongoing assessment of the coordination structures should contribute to this. Further technical inputs will be necessary to increase the impact of ongoing activities.

3.4 Assessment of CSP Indicators

In the CSP intervention frameworks were included for the focal sectors. These frameworks included extensive lists of targets and indicators. In Annex .. these objectives and indicators are reviewed in light of the above assessment.

The main conclusion is that the indicators formulated during the preparation of the CSP were highly optimistic. Most of the macro-economic and social indicators were not met.

Also progress on the food security indicators was behind the CSP expectations. Only the infrastructure indicators were to a large extent achieved.

An important reason for not meeting the indicators is the drought situation and the deterioration of the terms of trade (collapse of coffee prices). New indicators for monitoring the PRSP are being developed. These indicators will take into account the new macro-economic framework. The indicators will be reviewed in the Annual Progress Review of the PRSP. This review will take place annually in October. The new indicators for monitoring the progress of the programme under the 9th EDF will be aligned with these new PRSP indicators. Finalisation of these indicators is foreseen for August 2003.

4. OVERVIEW OF PAST AND ONGOING COOPERATION

4.1 Focal Sectors 9th EDF

4.1.1. Transport

The Road Sector Development Programme (RSDP) has been formulated to provide a sectoral approach to improve the efficiency and the effectiveness of the road transport sector by coordinating capital investment in the road network with institutional, policy and financial reforms designed to ensure the sustainability of investment activities in the nation.

The first phase of the Road Sector Development Programme (1997-2002), officially launched in September 1997, is the culmination of long term planning and consultation involving international development organizations, various government departments and other stakeholders. The Programme covered measures aimed at i) creating an enabling environment in the road sector through introducing a series of policy and institutional reforms, and ii) rehabilitating critical roads that have been identified as hindrances to the achievement of the objectives of the Economic Recovery Programme. In line with this, the rehabilitation of trunk roads and upgrading of some link roads have been accorded the highest priority since they had proved to be the major bottlenecks to the smooth functioning of market systems in terms of production and distribution of crops and the delivery of agricultural inputs.

Within the framework of the RSDP's goals, the physical targets are i) increasing the road density from 21 km/1000km² in 1996 to 27 km/1000km² in 2002; and ii) increasing the condition of the network from 20 % roads in good condition in 1996, to 60% in 2002. Comprising the target to the achievement, the road density has risen to 30km/1000 km² and the condition of the road network classified "good" has reached only 30%, which is less than 50% of the targeted rise.

The Mid-Term Review of RSDP I, conducted in February 2002, demonstrates mixed results. There is recorded progress in the areas of establishment and operation of the Road Fund, resource mobilisation, road functional classification and the introduction of a pavement management system. There is however overall delay in the implementation of the road projects and in strengthening and reforming ERA together with other pertinent

agencies. For overall physical implementation of 88 % for RSDP I, a 77% disbursement rate has been recorded. Compared to the established objectives and benchmarks, the overall performance of RSDP I has been dubbed "satisfactory." The construction of major link and rural roads have registered 105 % and 111% rate of accomplishment of the planned targets, respectively. However, periodic maintenance work is limited to 23 % rate of accomplishment.

Concerning EC assistance to the RSDP, financial resources amounting to € 292 million have been allocated from the 7th EDF (41.8%) and 8th EDF (58.2%). Financing Agreements have been signed for several projects which are now under implementation as per RSDP I.

For the purpose of providing technical assistance for strengthening and reforming ERA and conducting a few studies in the transport sector, a policy support project amounting to € 2 million is under implementation. This encompasses the services provided by the current TAs in the areas of programme coordination, transport economics, contract administration and regional rural roads development.

As a component of the RSDP, four transport-related studies have been completed and are expected to complement other policies in place.

The EC's support to the RSDP implementation is not limited to studies, but includes upgrading and rehabilitation of road projects. Several projects have been under implementation since 1997.

Currently three projects are in the stage of construction.

◆ ***Addis -Modjo -Awassa Road Rehabilitation Project (265km):***

Construction of the civil works commenced in 1998 and is considered as almost completed. Since some sections of the "completed" civil works appear in need of revisiting, the Ethiopian Roads Authority (ERA) has not issued the provisional acceptance certificate for the whole section. The overall physical performance rate of this project is 97%, while the disbursement rate is 91 %. Up to the end of November 2002, the asphalt-wearing course (20km) is the outstanding issue since work in this section has not been completed as per the contract. Issues related to claims, the completion of the remaining civil works, and the provisional acceptance of some sections are yet to be resolved and that may impact on similar future contracts, affecting the "risk" premium" attached by tenderers in their offers.

◆ ***Addis-Jimma Road Rehabilitation Project (335 km):***

The construction of civil works started on 5 October 1999 but, due to the need for making a major revision of the pavement design, serious technical, financial and time consequences have occurred, resulting in a rider for an additional allocation of € 17 million. (Rider signed on June 3, 2002). (at 31st March 2003, 20% of the physical work had been completed). A number of issues remain unresolved, e.g. the rider to the contract, the final assessment and compensation of work carried out in the first dry season, financial liquidity, which may impact on the progress of the work.

Delay in the removal of obstructions and the slow handing-over of borrow pits and quarries are also impacting negatively on the progress of the construction of civil works.

◆ **Addis -Dessie-Woldiya Road Rehabilitation Project (521 km):**

The project is divided into three lots, i.e. Addis Ababa-Tarma Ber Tunnel (172 km), Tarma Ber Tunnel-Kombolcha (187km) and Kombolcha-Woldiya (154 km). Out of the three lots, only the construction of the civil works for Tarmber-Kombolcha (Lot 2) was started on April 2, 2001. By the end of November 2002, only 43.44km (23.3%) had been constructed. Slow removal of obstructions, delay in the importation by the Customs Authority, and the lack of prompt response by the Inland Revenue for licensing vehicles have been reported to be bottlenecks to the smooth progress of the project.

As per Lots 1 and 3, the draft works tenders for Lot 3 is being finalized and will be launched in 2003. The design for Lot 1 will be reviewed. The consultant to review the design will also supervise the construction works

◆ **Kombolcha -Mille Road Rehabilitation Project (128 km):**

The total cost of the project rose from € 25million to € 55 million after reviewing the actual rehabilitation needs in the light of the experiences in the road sector and the recent change in the traffic patterns in the northern territories of Ethiopia. The cost of the project is to be covered from the 8th (45.5%) and 9th (54.5%) EDFs. As per the Supervision Service the prequalification dossier for selecting the consultant has been sent to the Delegation. For the purpose of tendering assistance, a direct agreement with the designer was been approved by the NAO. The construction of the civil works is expected to commence by March 2004.

◆ **Pipeline Road Projects:**

As for the pipeline projects, the Gondar-Humera (250 km) and Arba-Minch Jinka (246 km) roads are at the stage of the pre-feasibility study while the Harar-Jijiga Road (102 km) is at the feasibility and detailed design study stage. The technical evaluation reports for selecting consultants for all the above studies are at their final stage of deliberations and the awards are expected in April 2003. In addition, a proposal to extend the upgrading from Jijiga to Togochale on the border with Somalia is being considered by the EC under a regional programme for the Berbera Corridor. Moreover, financing the construction of Kombolcha-Gunde Wein (310 km) at an estimated cost of € 160 million is jointly being considered by the governments of Sweden, Italy and Ethiopia, and by the European Commission. The burden of financing the construction of this project can be better defined after the completion of the Environmental Impact Assessment (EIA) and the design review of the project.

Concerning the regional road network, the draft tender dossier for the feasibility, EIA, and engineering design study for Meiso-Dire Dawa-Dewele (387km) has been approved by the NAO and is to be presented to the EDF Committee in May 2003.

With the objective of restoring and expanding Ethiopia's road network, RSDP II was officially launched in March 2003. The programme also comprises assistance to developing strong management and technical capacity to manage the road network, and develop the capacity of the domestic construction industry.

4.1.2. Macro-economic support and economic reform

Results

The European Commission, in an endeavour to contribute to the various macro-economic reforms of the government and in line with the Country Strategy Paper (CSP), has taken a number of notable measures. These include the provision of direct budget support (the first of its kind in Ethiopia) and the implementation of capacity building projects. A Poverty Reduction Budget Support programme (PRBS-I) with the objective of supporting the government's agenda for poverty reduction, while paying special attention to the improvement in the delivery of social services and infrastructure, the efficiency gains in Public Finance Management and the creation of an enabling environment for the development of the private sector, has been implemented during the year. The first tranche of € 20 million and a € 5.745 million floating HIPC bonus was disbursed upon the programme's effectiveness and the achievement of the HIPC decision point respectively. The evaluation of the performance indicators selected from the priority sectors so as to disburse the variable tranche was completed in March 2003. The implementation of PRBS-I has proceeded according to schedule.

Various capacity building projects were implemented with the objective of creating an enabling environment for macro-economic stability and a vigorous private sector. These include:

- Consultants finalised the preparation of the Integrated Financial Management System (IFMS) as per the recommendations of the EDF Committee that gave its opinion on the financing of the project (€ 9 million) in November 2002.
- The Project Support Unit (PSU), recruited for the day-to-day implementation of the Micro- and Small Enterprises Development Project (€ 7 million), started work. The Steering Committee established for overall management of the project met twice.
- The capacity building project (€ 700,000) for the National Bank of Ethiopia (NBE) is being implemented.
- Various studies have been financed in order to subscribe to the objectives of the capacity-building undertakings. The 2002 Country Financial Accountability Assessment (CFAA) study and the COMESA Free Trade Area (FTA) impact study are worth mentioning.

Evaluation of PRBS indicators

The following indicators and targets, linked to the first budget support programme (PRBS-I) have been selected in the areas of education, health, roads, public finance management and private sector development. The target date for the assessment of these indicators is March 2003. This evaluation will determine the level of the variable tranche.

Area/Sector	Indicator	Target end-2002 (March 2003)
Health	Under 5 DTP3 vaccination cover	From 42% to 45%
	Health centers+posts utilisation rate	From 27% to 29%
	Ante-natal care coverage	From 34% to 38%

Education	Primary Girls Enrolment Rate	From 40.7% to 47%
	Grade 1 drop-out rate	From 27.9% to 24%
	Share of qualified teachers	From 23.9% to 45%
Roads	Share of roads in acceptable condition.	From 57% to 61%
	Road Network Density (Index A)	From 27.7% to 28.5%
Public Finance Management	Federal/Regional Budget consolidated	Federal level + 1 Region
	Food security included in the budget	FS budget line + FA annex
	3-years rolling MEFF/PEP	Approved by Council
	Backlog of accounts reduced	Regions 1 year backlog
	Accountants/Internal auditors trained	From 4,600 to 6,000
	Parliament members trained	Training started
Private Sector Development	Land titles to Small/Medium companies	2001/02 increase by 15%
	New/restructured laws & policies	Five in 2002
	New/revised regulations/procedures	Eight in 2002

For the new budget support programme (PRBS-II) new indicators will be formulated. These indicators will follow Ethiopia's SDPRP and will be coordinated and harmonized with other donors that intend to provide direct budget support.

The commitment target for Trade and Regional Integration was not met. The guidelines for the preparation of capacity- building projects in view of the negotiation for the new Economic Partnership Agreement has to be synchronized across the various regions with in the ACP countries and that has consumed considerable time. The role of the various actors and programmes in the capacity-building interventions need to be harmonized. (e.g. The Integrated Framework (IF) of the World Bank in the framework of the WTO and the EU 's capacity building efforts in view of the trade negotiation with the EU and ACP countries.) A request for financing a capacity-building project identification mission was submitted in early 2003 to the Commission, in order to identify a project to strengthen the negotiation capacity of the government for WTO accession and the negotiation of the regional and trading arrangements such as the new EU/ACP Economic Partnership Agreement (EPAs).

4.1.3. Food Security

Policy dialogue

The policy context has evolved fast since the last quarter of 2001. An intensified dialogue between the Government and donors led to a consensus on distinguishing approaches and solutions for predictable and unpredictable food insecurity. There was also agreement on the distortionary effects of food aid and on the position that gratuitous distribution should be avoided as much as possible. Instead, Food Aid should be used productively and help protect existing and/or create new assets.

Government announced its decision to move towards longer-term solutions for food insecurity and re-formulated its strategy to focus on the predictably food insecure population living in moisture stressed areas.

Food Security Programmes

The EC response to the Government initiative was to propose a 2002 Food Security Programme for Ethiopia amounting to € 25 million. The programme, through a foreign exchange facility, is a direct cash contribution to regional budgets. It will be up to the regional governments to allocate the funds to activities designed to contribute sustainability to improving food security. The main beneficiaries will be the predictably food insecure population in four regions: Amhara, Oromiya, SNNPR and Tigray.

The programme has recently been approved by Government and the first installment of € 9 million should be paid into a Government account by the second quarter of 2003.

This latest generation of Food Security Programmes builds on the experience of the previous Employment Generation Schemes (EGS) 1996, Integrated Food Security Programme (IFSP) 1998 and EGS/IFSP 2000. EGS 1996 was completed at the end of 2002, providing over € 5 million for Amhara, Oromiya, SNNPR and Tigray regions, through the Regional Food Security Offices. The programme's aim was to provide cash for labour-intensive activities to maintain and/or build up productive assets. EGS in general aims at linking relief with development, avoiding gratuitous food distribution and providing income to the most vulnerable populations of Ethiopia.

Funding was augmented in 1998 (€ 10 million) and in 2000 (€ 11 million) for similar activities. Both the 1998 and 2000 programmes are still ongoing in Tigray and Amhara and are expected to lead to more efficient EGS integrated into a wider safety net scheme. In addition the integrated food security programme (€ 1.5 million) implemented through Rest from the 1999 programme was completed in 2002.

Food Aid

Assessments/Appeals

In January 2002 the Disaster Preparedness and Prevention Commission (DPPC) appealed for food assistance amounting to 527,000 Mt for drought-affected beneficiaries in Ethiopia (5.2 million people). Due to the failure of the *belg* (short) and *meher* (long) rains, the figures were revised in July to include the needs of from July to December for 5.8 million (highest in August) beneficiaries requiring a total of 364,000 Mt. A third revision based on the results of the mid-season assessment increased beneficiaries to 6.3 million (highest number in October) with an overall requirement from October to December amounting to 273,000Mt. The main reason, among others, for the increase was the late onset of the *meher* rain, and its inadequate distribution. Livestock condition was also badly affected due to the lack of pasture and high death rates have been reported in certain areas, mainly due to disease. This has adversely affected households' nutritional status.

By the end of June, at the end of the *belg* rains, crises had developed in East and West Hararghe, lowland pastoralist areas, especially in Afar Region and some areas of SNNPR. The late onset of the *meher* rains and the dry spell extended the problem area to include a vertical band affecting areas in the north, north east, centre, south and, south east, including the pastoral areas of the Somali region of Ethiopia. Even the surplus-producing areas in western Ethiopia were affected to a certain extent.

In December 2002, DPPC issued an Emergency Appeal for immediate assistance for 11.3 million people and 1.34 million Mt of food aid. Requirements totalling US\$76 million of non-food relief assistance were also included, addressing mainly health, water and agricultural needs. In addition to the population in need of immediate assistance, the Appeal also underlined that a further 2.9 million people had been affected by the drought and could require assistance later in 2003.

Efforts to support the emerging crisis

The EC has devoted much attention to the emerging crisis over the last few months, together with the EU Member States and other donors/international organisations. The feeling is that the crisis can only be adequately addressed if, in parallel to the emergency response, substantial efforts are devoted to tackling the structural problems mentioned above.

To cover needs **until the end of 2002**, and on the basis of the mid-term crop assessment results, the EC made available a total of € 27 million (equivalent to 97,000 Mt), including:

- € 12 million for the direct purchase of food aid (57,000 Mt of cereals locally purchased), including 37,000 Mt for a safety nets scheme aimed at the predictably food insecure.
- € 6 million were provided through NGOs (equivalent to 27,000 Mt of cereals).
- € 5 million were provided through WFP (equivalent to 13,000 Mt of cereals).
- € 4 million allocated by ECHO to NGOs for humanitarian non-food assistance, essentially to pastoralist areas.
- Amendment to Amhara IFSP work programmes to accommodate cash for work programmes in seriously affected areas such as Ziquala woreda.

In response to the DPPC Appeal for **emergency requirements in 2003**, The European Commission pledged €70 million for emergency food aid to Ethiopia. This is equivalent to about 260,000 Mt of cereals and will meet food aid requirements during the first four months of the year 2003.

4.2. Projects and programmes outside the focal sectors

4.2.1. Human Development (ESDP)

The EC approved and signed a Financing Agreement on April 2, 2002 to support the Education Development Sector Programme (ESDP) through a € 23 million project with the purpose of improving the quality of and equitable access to primary and secondary education within the framework of ESDP, the government's poverty reduction strategy and the policy of decentralization.

The project has the following components:

- Improving capacity throughout the education system;
- Enhancing quality through the provision and development of quality educational materials;
- Strengthening the civic education curriculum, and
- Expanding access to education through secondary school construction.

In line with this, the printing of the 12th grade teachers' guide was finalized and distributed to users. In addition, the terms of reference to recruit a technical advisor to the Ministry of Education is under preparation. A consultant has been recruited to participate in the annual Joint Review Mission.

The EC has also approved a budget of € 740,000 to support the administrative capacity of the ESDP secretariat. A tender was launched to recruit a TA so as to capacitate education staff involved in procurement, financial management and reporting. Currently the tender evaluation is under progress.

The construction of classrooms, laboratories and auditoriums at Awassa Agricultural College, and the partial delivery of equipment to different colleges and universities, was financed with the € 2 million fund allocated under the Higher Education Development Support Programme. With these activities, the project has been operationally closed.

4.2.2. Water Sector

The water sector has a critical role to play in poverty alleviation and in achieving the goals of sustainable development. In this regard, the Government has formulated the Water Sector Development Programme (WSDP) leading towards efficient and optimal utilization of water resources. The programme will contribute to major socio-economic targets such as enhancing the access of the population to safe drinking water, improving food security through extending irrigation and increasing the national production of electricity by constructing dams.

The total planning perspective for the WSDP is 15 years (2002-2016) divided into three 5-year periods. Within this perspective, the highest priority is given to those programmes and projects that have been started, appraised and considered for funding.

During the formulation process of WSDP, extensive consultation processes took place at all levels. Based on these, the final document, which incorporates the suggestions of all stakeholders, has been produced and distributed among the potential donors, Government institutions and other concerned parties.

Efforts have been made by the Government to raise the required resources for the implementation of WSDP activities. In this regard, a donors' conference will be organized to secure financial resources for various WSDP activities and to implement the programme.

Currently, the EC provides support to the water sector in the area of water supply and sanitation from the 7th EDF.

- The Addis Ababa Water Supply Project was originally allocated with €19.5 million. This was increased in 2001 by an additional € 6 million to cover costs higher than originally anticipated. The objective of the project is to address the inadequate water supply in Addis Ababa as well as the poor water and sanitation among the low-income households. The project covers several components, supply of pipes and fittings, rehabilitation of Gafarsa Dams and treatment works, connection of new urban

development area as well as a Community-Based Water and Sanitation (COBWAS) Programme. In addition to this, AAWSA and Addis Ababa City Government are supported with technical assistance. Pipes and fittings have been delivered to the construction sites. For the transmission lines and dam rehabilitation civil works, there were no responsive bids. As a result, the decision was taken to combine both tenders into one and to re-tender. AAWSA, in consultation with the NAO, - proposes extension of the scope of the supervision services of the dams' rehabilitation in order to incorporate the pipeline works supervision. Accordingly, a request has been made by the NAO to revise the existing Financing Agreements of the project in order to consider the above issues and to extend their validity period.

- The activities under the COBWAS Programme are progressing satisfactorily, although start-up delays have been experienced in a number of activities. At the beginning of 2003, the Addis Ababa Administration has made some reforms, resulting *inter alia* in the discontinuation of the Programme implementing agency. Therefore, in order to complete the programme with best possible results, it is imperative that the Addis Ababa Administration designates a responsible body.
- Studies related to the Addis Ababa Sanitation Improvement Project have been completed. The financing proposal for the project was submitted to EC at the beginning of December 2002. Provided that the proposal is approved, the preparation of the detailed designs, drawings and tender documents for the works will follow.

In the CSP it is indicated that € 15 million would be committed from the 6th EDF in 2001. For a number of reasons, it took a long time to finalize the study, according to which the total amount required for the implementation of the project is estimated €35 million. Although water is not a focal sector in the 9th EDF, the Government proposes to cover this amount from uncommitted and unused balances of the 6th EDF, which will be transferred to the 9th EDF.

4.2.3. Democratization, institution building and legal reform

The EC signed a € 2 million Financing Agreement in May 2002 to support the establishment of a law faculty at Mekelle University.

The purpose of the project is to establish a law faculty that will be able to produce LLB Degree and Diploma in Law graduates, competent to perform at the highest possible professional and ethical standards of the legal profession.

The project component comprises the construction of faculty building with offices, seminar and classrooms, a lecture theatre, a moot court room and a library, staff houses and dormitory for students. In addition, the EC will finance the supply of library/computing equipment, books and transport equipment. Capacity building has also been identified as one of the components that could be financed through this channel.

A service and supply tender has been launched and the tender evaluation is in progress.

Meanwhile, the Ministry of Federal Affairs has come up with two new proposals for financing: one is a project to support the reform of the Federal Police forces. A feasibility study is under preparation and a Financing Proposal will be ready by mid-2003. A tentative amount of € 5 million has been allocated to the police support project. The other request from the Ministry of Federal Affairs relates to support the development of a competent and confident leadership on the level of municipalities. A feasibility study will be conducted in the first half of 2003. € 2 million has been set aside to finance such a support project.

The comprehensive legal sector reform programme is under preparation by the Ministry of Capacity Building. A dialogue of interested donors with the ministry is ongoing. The CSP 2002/2007 allocates an indicative amount of € 6 million to support such a comprehensive sector programme. According to current planning, a Financing Proposal would be processed in 2004.

The development of a new City Charter for Addis Ababa was supported in the first half of 2002 (€ 80,000 facility). The new City Charter is expected to modernize the administration of the Capital and to strengthen democratic participation of its citizens in decision-making.

4.2.4. Rural Development

The only new project approved in 2002 in the rural development sector was the 4th Coffee Improvement Programme (€ 15million) (CIP IV). The Financing Agreement was signed in April 2002. The overall objective of the programme is to improve living standards in coffee growing areas and to help reduce widespread poverty. The project has several components including extension, nurseries, research, conservation and marketing. The project started on July 1st 2002 and consequent work programmes were endorsed by the Delegation. The tender for the recruitment of the Technical Assistance for the project has been delayed for a number of reasons, but was launched early 2003.

Implementation was delayed because of the slow release of the advance payment. This in turn was attributed to the slow reporting of implementing institutions that otherwise could have enabled the Coffee and Tea Authority to settle the outstanding advance and secure a new one. Settlement of advances is an issue that needs to be addressed by pertinent parties in the future.

Other EDF-funded projects in rural development include two regional projects in the implementation phase (see 4.4.2. regional cooperation).

Discussion is also ongoing for the financing of rural development projects under the 9th EDF (identification, appraisal, etc.)

4.2.5. Protection of Cultural Heritage

A Financing Agreement for € 9.1 million was signed for the Preservation and Conservation of Lalibela Churches Project. The main activities under this project are the construction of shelters to provide medium-term preservation to churches in the most critical condition and various studies for the long-term conservation programme.

Detailed design study and tender documents for the shelters have already been completed. However, no bid was submitted by the tendering date. So it was agreed to re-tender by revising some of the criteria stated in the tender document. The re-launching of tenders for formulation studies as well as shelter construction has to start at the earliest possible convenience.

The Safeguarding the Religious Treasures of the Ethiopian Orthodox Church Project covers activities in Amhara and Tigray Regional States. The project has three components, namely (i) provision of services, (ii) procurement of equipment and (iii) support for publication. The contract for the provision of the above-mentioned activities was awarded in April 1996. Delays in the preparation of the text has caused the delivery of books in different languages to be held up until the consultant finalizes an inventory of various cultural heritages of the churches in the Amhara Region. Both the NAO and the EC have observed that the project lacks sufficient level of follow-up and monitoring by the implementing agencies.

In October 2000 a contract rider was awarded to the same consultant to produce books in relation to Lalibela churches. Although the draft text has been produced, there is dissatisfaction from the Government side on the contents of the text. An alternative suitable resolution has to be put in place for promptly effecting the adequate preparation of the book on Lalibela.

4.3. Utilization of resources for Non-State Actors (NSA)

The Cotonou Agreement attaches an important role as actors in development to entities outside the government structure. These key actors in development have been given due recognition on the part of the government through being involved in the formulation of various policies including in the consultation process on the preparation of Ethiopia's Sustainable Development and Poverty Reduction Programme (SDPRP).

In view of implementing the spirit of the Cotonou Agreement in connection with the Non-State Actors (NSA), a number of activities were undertaken in 2002. The NAO and the Delegation drafted jointly a Memorandum of Understanding (MoU) governing the operation of the fund allocated to the capacity building of Non-State Actors. It has been developed through different consultations with the pertinent government bodies (Ministry of Capacity Building) in order to ensure the sustainability of the programme.

In order to have a fair understanding of the sector, a study has been envisaged to capture issues such as the linkages between government, donors and NSA, the categorization of the NSA according to their area of involvement, and the mapping of donors' interventions in the capacity building of the actors. A request for the financing of the study has been made by the NAO.

The preliminary draft-financing proposal for the programme has already prepared by the Delegation and forwarded to the NAO for comments. The document is being examined by the NAO and will soon be developed and given its final shape before its official submission to the Commission.

4.4. Other instruments

4.4.1. Cooperation with the EIB

In 2002 a series of projects continued to be implemented, with progress in the Gilgel Gibe Hydropower project and the Ethiopian Civil Aviation ATS B project. In December 2002, the EIB signed a € 25million contract with the Ethiopian Electric Power Corporation for the rehabilitation and expansion of the Power Distribution System in Ethiopia's four largest cities and the construction of a Load Dispatch Centre for the monitoring and control of the national energy grid and generation system.

Following the successful utilisation of the €10 million DBE global loan for support to the private sector, EIB has started discussions on a second line of credit, for an amount of up to € 25 million, to finance Small and Medium-sized Enterprises. Various issues concerning the restructuring of DBE as well as the financial sector in general still need to be addressed.

With respect to disbursements, some € 25million was disbursed, of which € 16.5million to the Gilgel Gibe Power plant. Other beneficiaries were the Ethiopian Civil Aviation Authority, and the Development Bank of Ethiopia.

Projects under consideration include various operations in the energy sector, as well as a Multi-National Aviation Training Center. Further projects might be identified with the ratification of the Cotonou Agreement on 1st April 2003, which foresees that the Bank will focus on both the private and financial sectors as the motor for economic growth. The EIB will therefore be entitled to lend directly to the promoters, without channeling its loans through the Ethiopian Government.

In order for Ethiopia to benefit from certain forms of financing under the Cotonou Agreement, its legislation should either be amended, or the EIB should be granted derogation to the existing rules. The latter option seems unlikely.

4.4.2. Regional Cooperation

Farming in TseTse Control Areas of East Africa - FITCA

FITCA is a regional programme aiming at the sustainable control of animal and human Trypanosomiasis in Burundi, Ethiopia, Kenya, Rwanda, Tanzania and Uganda.

Following the signing of a four-year regional Financing Agreement in March 1997 national projects commenced at different times. For instance, actual implementation of the Ethiopian project started in October 2001 with an outlay of € 5.6 million (of which € 1.8 million is from 7th EDF NIP while the rest comes from the 7th EDF RIP).

In 2002, major achievements of this project include: training of farmers, surveillance of the disease (in four regions), follow-up of the overseas training programme (all the six Masters trainees returned at the end of 2002), exchange visits for eight staff in East Africa region, and undertaking various studies on the project area.

In April 2002, a Mid-Term Review was conducted on the project by an independent evaluating team. The review concluded that country project objectives were in line with national policies, as they contribute to poverty alleviation by enhancing rural development in general and food security in particular. Nevertheless, the team evaluated project implementation and most intervention methods unfavorably.

Following the Mid-Term Review, a number of recommendations were made, including a revision of the activity plan, and, subject to its satisfactory implementation, a no-cost extension until December 2004.

As per the recommendation of the Mid-Term Review, a new Logical Framework has been prepared and a work plan that would be operational for the coming one year (until December 2003) was submitted to the Commission at the end of 2002.

Pan-African Control of Epizootics - PACE

This project intends to build on the Pan-African Rinderpest Control III (PARC III) programme that had been clearly successful in combating one of the major diseases of the continent. For instance, Ethiopia has become provisionally free from this disease (as of 1st May 1999) by successfully implementing successive phases of PARC that were jointly sponsored by the European Commission and the government.

The Financing Agreement of PACE programme was signed between the Commission and AU/IBAR in August 1999 to consolidate the achievements of PARC programme in 32 African countries. The resources for this project came from the 7th and 8th EDF RIPs. For the Ethiopian project, a Memorandum of Understanding was signed between the RAO and the NAO in April 2000 and actual implementation started in November 2000 by earmarking € 3.99million (for a duration of five years) from the 7th EDF RIP.

In 2002, activities such as training (four short-term training sessions in Europe and other local training programmes), disease reporting, awareness creation, baseline data collection, active disease search, sero-surveillance and CBPP survey including sero-surveillance have been implemented as planned. Apart from this, the project included various activities to promote veterinary privatization. On the other hand, considerable delays were incurred in international procurement (particularly procurement of vehicles).

CDE Policy Support

MRSW

A contract was concluded with South African Company, Africon on February 21, 2002 for the preparation of a minimum railway safety works project for CDE. According to the contract the company has prepared and submitted inception report, draft design report and draft tender dossier. .

Concession Study

A tender was launched and evaluation has been taken place. However, no bid was found to be responsive according to the tender dossier. As a result, a direct agreement with the best bidder was negotiated and the contract was signed in March 2003.

4.4.3. STABEX

The Framework of Mutual Obligations (FMO) for STABEX 99 transfers was signed between the Government and the Commission in 2001. Progress on this programme has been slow, due to procedural impediments on the Commission's side. The various components of the support scheme, i.e., the General Import Programme (€ 4.27 million), the support to the PRSP consultation process (€ 60.000), the support to the Livestock Marketing Study (€ 250.000) and the repayment of the outstanding advances in the framework of the 6th EDF rural development projects (€ 350.000) are not progressing as planned.

4.4.4 Community Budget Lines

EC-NGO Relief Aid Interventions

The EC-NGO 2002 Relief Aid interventions started during the first quarter of 2002 with the distribution of the 2001 carry-over stock of 21,197 MT of cereals. In response to the serious food crisis which emerged during the last half of 2002, the EC has allocated through partner NGOs, a total of **50,975 MT** cereals, **2040 MT** of supplementary food and tools worth of € **150,000** (total value approx. € 15.1million), for distribution to about 1.5 million beneficiaries during the months of July and August and October – December 2002.

In most of the relief intervention woredas there are EC-funded NGO Food Security Programmes. Therefore, in those woredas, relief interventions further provide a short-term bridging action to sustain focus on development interventions and thus safeguard existing investments. Apart from strong emphasis given by the EC on Employment Generation Schemes, recent allocations continuously put emphasis on strengthening the beneficiaries' rehabilitation capacity through distribution of seeds and tools to households with depleted assets. Partner NGOs are playing an important role in linking relief operations to development, demonstrating the feasibility of such concepts to other stakeholders.

EC – NGO Food Security Development Programmes

In order to tackle the root causes of chronic food insecurity in Ethiopia, the European Commission started, in 1997, to fund development-oriented NGO Food Security Development Programmes. A total of 46 NGO food security programmes were financed between 1997 and 2002 from the B7-200 budget line, for a total amount of € **38.9 million**. Out of the 46 projects, the implementation of **33 projects** was completed during 2000/2002.

Following the EC Call for Proposals 2000 launched at the end of 2001, a total of 10 NGO food security development projects were funded by the Commission in **2002** from the EC/NGO 2000/2001 allocation (€ **10,527,302**).

The EC/ NGO food security development programmes put increased emphasis on the generation of purchasing power and improved public water supply for the resource poor part of the population, to ensure access to sufficient food items and in an attempt to break the vicious cycle of food insecurity and assist preservation of resource bases. In addition, the promotion of household food security is assisted by the development of basic social infrastructure and supported by measures for agricultural and livestock development,

together with capacity building programmes for local communities and administration. So far, a total of some 1.5 **million** people have benefited from EC /NGO Food Security Development interventions.

By working with grass-root groups, NGOs provide a comparative advantage of strengthening and advocacy towards consolidation of civic associations and their direct involvement in the development process. The variety of instruments employed to this effect include development of social and economic infrastructure, training/capacity-building, agricultural research and extension and market intelligence. Local administration remains an invaluable partner and thus a target group for capacity-building interventions.

Areas of intervention are identified jointly with the local government partners and the communities. Individual project programmes are designed based on their relevance in addressing the causes of food insecurity and on increasing productivity and access to food and services. They are in line with the National Food Security Strategy, Regional Food Security Strategies, and in compliance with the EC Food Security and Food Aid Regulation.

Evaluations carried out by local consultants over the past 3 years revealed that the efforts made by the projects to reduce stress on natural resources; promote agricultural production; reduce rural-urban migration; combat crop pests and drought; reduce poverty through the generation of employment and income; promote human resource and infrastructure development, all lead to revitalizing rural areas and are consistent with the national and regional food security strategies. Furthermore, in the opinion of implementing partners as well as beneficiary groups, the technologies used for implementing most of the programme activities were appropriate, locally manageable and cost effective. Many of the projects have initiated very innovative approaches to community development through research, planning and system development with indications for great potential.

NGO Co-financing / B7 6000

In 2002 the B7 6000 facility approved four new projects for funding, which brought the total number of NGO co-financed projects in Ethiopia to 22 projects (total value € 10.9million). Out of these, three are in the process of being phased out. On average, the EC contribution covers 45% of total project costs, or about € 450,000 per project. Sectors covered include health, education and water.

Three new projects are being financed from the 2002 budget. Approval of a number of other projects could be expected in the second half of 2003 as a result of the last call for proposals closed on March 12, 2003.

Gender / HIV/AIDS/ and Population-Related Issues/ B7 6310

One local NGO has started a project under this facility with the objective of establishing a women's self-help centre in the fight against female genital mutilation (FGM). The EC's contribution to the project is € 400,000.

Two new NGO projects on HIV/AIDS in Addis Ababa were approved and have started implementation in 2002. The EC contributions amount to € 911,167 and € 739,498 respectively.

4.4.5 ECHO

In 2002, the Humanitarian Aid Office of the European Commission (ECHO) supported various humanitarian programmes across the country, focusing post-emergency recovery in the areas that had been most severely affected by the 1999/2000-drought crisis, principally in Somali Region. ECHO's final 6 months of presence in Ethiopia concentrated on kick-starting the recovery process, through improved emergency preparedness, and enhanced emergency prevention through rehabilitation and recovery-support.

Interventions included: (i) continued support to SCF-UK's early-warning programme to facilitate much more incisive monitoring of drought conditions in Somali Region, (ii) support to ICRC's protection activities on a nationwide basis to keep abreast of the highly sensitive and often hidden internal conflict issues, (iii) securing a sizeable reserve budget that would manage, on average, 3 to 4 limited water tankering operations, or any other initiative as appropriate in anticipation of localized drought conditions that require a focused, short-term response, and (iv) continued support to the repatriation of Somali refugees.

At the beginning of 2002, sufficient progress on the road to recovery had been made and ECHO's judgment was that Ethiopia's chronic, structural weaknesses would be more appropriately addressed through development interventions, rather short-term relief. Thus, a strategic decision was taken to close the ECHO office, and to leave Ethiopia with a few minimal monitoring projects ongoing, whilst reactivating the ECHO Regional Office's primary monitoring role out of Nairobi. ECHO-Ethiopia was formally closed on June 30th, 2002.

Following the *Meher* Assessment and the emerging crisis conditions, ECHO sent a team in October 2002 to assess the potential for intervention in non-food relief in the most affected pastoral areas. As a result of the assessment, ECHO made a commitment for € 4 m to be allocated mainly to health and nutrition, animal health services, water and sanitation interventions during 2003.

4.4.6 EDF Resources for peace-building initiatives

Following the 1998-2000 conflict between Ethiopia and Eritrea, the Commission allocated € 10 million to Ethiopia for peace-building initiatives. The Ethiopian Mine Action Office, in collaboration with the Emergency Recovery Programme Management Unit in the Ministry of Finance and Economic Development (MoFED) prepared the project proposal with a major component of Demining activities.

4.4.7 Reintegration of Ethiopian Nationals displaced from Eritrea

A € 6.6million project in support of the reintegration of Ethiopian nationals displaced from Eritrea was approved in November 2002. The Financing Agreement was signed in March 2003.

5. PROGRAMME PERSPECTIVE FOR THE FOLLOWING YEARS

Updating the future programming for all activities financed by EC

Uncommitted resources from the 6th, 7th and 8th EDFs amount to €26.6million, €0.8million and €1.4 million respectively. These uncommitted resources, together with a non-contracted amount of €18.5 million from the 6th EDF, have been a great concern for both the Commission and NAO for the last few years. As a result, both the Commission and the NAO agreed and proposed in the 2001 Joint Annual Report that the unused and uncommitted amounts should be utilized for the financing of pipeline projects. Those still outstanding from the 2001 Joint Annual Report are: - External Audit (€ 0.75million), the Addis Ababa Sanitation Programme (€ 15-20million) and the Amhara Rural Roads Programme (€22million).

Further assessment of the needs indicates that the eventual assistance needed for the Amhara Rural Roads Programme could be of the order of € 8-10million, while the overall outstanding financing needs for the Addis Ababa Sanitation Programme would be €35million. The forecast for support to the Human Rights Commission and Ombudsman's Office remains € 2 million. The funds for the Addis Ababa Sanitation Programme could be accessed provided (a) that the Government of Ethiopia so wishes, and the Commission accepts, to expand the definition of the focal sector from transport to infrastructure so as to include the AASP under the 9th EDF Programming and (b) that the problems related to the accessibility of the 6th EDF funds shall be addressed.

The new CSP indicates food security as a concentration sector and foresees € 54 million to be invested from the 9th EDF. As most of the resources for food security originated from the Food Security Budget Line (FSBL) until now, it is paramount to ensure a coherent and complementary intervention strategy. Under the FSBL, up to € 25 million could be allocated annually over the next few years for longer-term food security, depending on the absorptive capacity of programmes currently implemented through the regions.

From 2004, funds from the FSBL could be allocated for the Transitional Asset Protection System (TAPS). TAPS seeks to address the chronic food insecurity caseload by providing multi-annual and predictable financing to woredas traditionally affected by food insecurity, notwithstanding climatic variations. These woredas would be taken out of the emergency appeal, thereby reducing the overall need for food aid, and the resources for relief and development would be combined into a coherent planning framework in accordance with woreda level decentralization.

Resources for relief food aid are expected to decline over the next years as the food security programmes take over some of the chronic food security burden. However, in case of crisis, the new Cotonou Agreement Regulations establish that some of the € 153.7m from the B envelope could be freed for emergency purposes (if all other budget resources exhausted).

5.1 Comments on the status of preparation of 9th EDF Projects and previous programmes

The 9th EDF CSP implementation period is from 2002 - 2007. The programme has three focal sectors (transport, macro-economic support, and food security) and one non-focal sector (capacity building for governance, civil society and conflict prevention).

The CSP comprises two Envelopes: Envelope “A” (programmable resources), amounting to € 384.2 million and Envelope “B” amounting to € 157.3 million. Of the € 384.2million, € 211 million is allocated for the transport or road rehabilitation programme. In the 9th EDF, 4 major roads (Gondar - Humera, Arba Minch - Jinka, Harar - Jijiga, Miesso - Dire Dawa) are proposed for rehabilitation and construction work.

With respect to these road projects, service tenders were launched in 2002 and evaluations of tender documents were finalized and sent to the Commission. The selection of consultants (pre-feasibility study for Gondar - Humera, Arba Minch - Jinka and feasibility study for Harar - Jijiga, Miesso - Dire Dawa) is now ongoing with the EC.

At present, the NAO’s and Delegation’s main concerns are pending issues, which are still with the EC, e.g. the financing proposal for the Miesso - Dire Dawa feasibility study.

According to the Commission’s Indicative Disbursement Schedule, the construction of the Gondar - Humera and Arba Minch - Jinka roads, if approved, could be scheduled for 2007. The Harar - Jijiga, Miesso - Dire Dawa roads are scheduled to begin in the second half of 2005. From this schedule, one can deduce that at the time of the Mid-Term Review (2004), construction work would not yet have started on a single road project.

Programming for the 9th EDF food security resources should be fully complementary with the Food Security Budget Line. Areas/sub-sectors of concentration preliminarily identified are:

- Agricultural market linkages
- Pastoralism/livestock

For market linkages, preliminary discussions with Ministry of Trade and Industry (MoTI) have ascertained the Government’s interest in investing more heavily in some sectors over the next years. One priority area is the establishment of a Market Information System (MIS). The agreement reached is that FSBL resources will be made available this year for the initial set up of the MIS. During that period, further studies will be conducted to determine other priority areas and the magnitude of investment needed in future

Discussions with the Ministry of Federal Affairs (MoFA) have also shown a mutual interest to deepen the Commission’s involvement in pastoral areas. Sectors of interest include: capacity building of local administrative structures, early warning systems and delivery of basic services to pastoral populations. In the case of service delivery, there is agreement in principle that contracting out of local organisations is paramount to the effective and efficient delivery of services. Technical studies and continued policy discussion is foreseen to lead to a completed programme document by the end of 2002.

As of December 2002, the Delegation to Ethiopia was “deconcentrated” – i.e. certain powers of sub-delegation were handed over to it. According to the rules linked to this exercise, the Delegation was granted the following decision-making powers with regard to EDF budgetary resources (introducing a system of double signature and appropriate financial and contractual circuits):

- To commit, de-commit, record and close assigned funds, as well as to authorise payments and draw up recovery orders
- To decide on proposals to mobilise services (PMS)
- To approve the terms of invitations to tenders before they are launched and to award contracts (with the exception of any waiver or cancellation of tenders)
- To sign contracts (with the exception of the individual experts' contracts)
- To take the measures needed to ensure programmes and projects run smoothly
- To wind up all procedures.

This sub-delegation also covers operations under FMO-STABEX and aid for refugees, as well as the EDF regional programmes for which the Ethiopia Delegation is responsible.

It should be noted that, at the time of the writing of this Report, the following procedures are not fully devolved: disbursement in euros of instalments and Budget Support programmes.

The deconcentration of the Delegation introduced, from one day to another, a totally different system of decision-making at the level of the Delegation, which has meant that there has inevitably been a necessary period of adjustment.

6. SPECIFIC ISSUES

6.1 Speeding up the use of old EDF resources

6.1.1. Closing down of projects/contracts

Projects agreed for partial de-commitment are listed in Annex 1

6.1.2. Recommitment of resources released

Food Security Budget Line:

The following resources released are expected to be re-committed:

- € 700,000 for OL 97 for market information services
- € 5.4 million from OL 97,98,99 for additional food aid.

6.2. Setting indicators and targets for measuring results in focal sectors

CSP targets and indicators

There is a need to revisit the performance indicators as specified in the intervention framework of the CSP due to the operation of external factors such as drought and the after-effects of the Ethio-Eritrean war. It is therefore necessary to refine the indicators and bring them to a realistic level given the prevailing situation in the country (e.g. the average income per capita, the BOP deficit, the budget deficit as a percentage of GDP and the increased share of expenditures in the poverty reduction sectors).

The new indicators will have to be aligned with the indicators of the PRSP. The Government expects to present its PRSP indicators by August 2003.

6.3. Dialogue with the NAO and Non-State Actors (NSA)

In 2002, the dialogue between Government and the Delegation was given a new élan by the structures provided for under the Cotonou Agreement. Parallel, important steps have been taken, in the context of the DAG, towards a harmonization of dialogue structures between the Government and the donor community as a whole. These structures are currently under discussion and include the agreement on a common set of indicators to measure progress in the execution of the SDPRP, to which the CSP is linked.

The deconcentration of Commission services to the field level has meant that the Delegation has been strengthened in its coordination and dialogue capacity.

The NAO services on their part are faced with the challenges of the ongoing decentralization process to the woreda level, and its implications on sector dialogue. These concerns are being taken on board through the preparation of a support programme for the NAO services.

The dialogue with Non-State Actors continued to take place on a not-yet-formalized basis. There is still no umbrella organization that would provide for an easy access to a body representing civil society and non-state actors. Efforts to better structure the dialogue and to render it more effective and efficient are ongoing but were hampered in 2002 due to insufficient resources in the Delegation. With the arrival of a Young Expert late 2002 these efforts have gained new momentum. A consultation workshop with NSA on a € 10 million civil society fund had to be postponed due to lack of financing possibilities.

7. CONCLUSIONS

The principal conclusions of the 2002 Joint Annual Review are as follows:

7.1. General

It was agreed that cooperation between the partners had been maintained at a full and satisfactory level. Dialogue in field between the Commission's Delegation and the NAO's Office (located at the Ministry of Finance and Economic Development) was permanent and open. Cooperation had been excellent during the CSP process, and - while the partners had agreed to differ on certain assessments contained in the CSP - mutual agreement on the choice of focal sectors had been reconfirmed.

The review underlined the need for strengthening of the coordination mechanism through a continuous dialogue, both at a political and technical level, involving all relevant stakeholders, such as the implementing agencies.

Both parties expressed their concern about the delays in project implementation and agreed to work out a system, which would enhance the mutual accountability of both partners, to strictly adhere to agreed time schedules.

7.2. Past and ongoing cooperation

The main findings of the Joint Annual Report (JAR) as concerned past and ongoing cooperation were confirmed. The following issues were highlighted in particular:

Infrastructures:

- a) In the implementation phase of the project cycle significant problems had occurred due to technical and/or procedural shortcomings. In particular, some projects in the roads sector suffered from delays in project execution and/or from unexpected cost overruns. These problems are in the process of being addressed both by the NAO's Office and by the Delegation.
- b) There might be a need to redefine the role of ERA in the sense that it should concentrate on its coordinating and policy making functions. At the same time, the European Commission had agreed to allocate more resources in the design phase of a road project in order to increase the overall quality of the project and to substantially minimize the risk of unpleasant surprises in the later stages of project implementation.
- c) The considerable delays and cost overruns that had occurred in a number of road projects; both partners agreed to share responsibilities in those of the delays/overruns which could have been avoided, and planned to intensify efforts to ensure that such delays do not recur. To this extent, institutional issues will also be addressed, on the basis of a planned performance audit;
- d) The past inadequacy of human resource allocations of both partners for very large road programs had hindered implementation activities. However, the Government has tried to improve ERA's manpower through reforms and capacity building programs. On the EC side, the deconcentration of functions away from Commission headquarters, and increased allocation of staff to the Delegation, at place as of early 2003, was expected to gradually improve its in-field capacity.
- e) The need for more regular field monitoring visits is felt by both parties to improve project implementation and avoid delays.

Macro-economic support:

- f) The European Commission was the first donor to provide Direct Budget Support (PRBS-I). That was a one year programme (June 2002-March 2003) with a variable trenches depending on indicators set for assessment in March 2003. A report of the Government of Ethiopia was prepared and submitted to the Commission. The experience of PRBS-I and the monitoring of the indicators will be used for the preparation of PRBS-II, a three year programme.
- g) Capacity building programs have played a useful role in strengthening Public Finance Management. It is greed that the Commission will continue supporting improvements in Public Finance Management. A coordinated approach with other donors is of key importance. Strong donor co-ordination under the leadership of

the Government is required on the main diagnostic review instruments, e.g. CFAA and PER, but also for the EC funded Integrated Financial Management System

Food security:

- h) An intensified dialogue between the Government and donors led to a consensus on distinguishing approaches and solutions for predictable and unpredictable food insecurity. There was also agreement on the distortionary effects of food aid. Food aid should be used productively and help protect existing and/or create new assets.
- i) Programming for the 9th EDF food security resources should be fully complementary with the Food Security Budget Line. Agricultural market linkages and pastoralism/livestock are the preliminarily identified areas/sub-sectors of concentration. The support to the establishment of a Market Information System (MIS) is foreseen as well as to other areas to be determined by further studies this year (2003).

Non-focal sectors:

- j) Late 2002 the contract was signed for the management of the Micro and Small Enterprise Development Programme (MSEDP). All parties consider this programme of crucial importance for the development of the private sector in Ethiopia. Hence the Government of Ethiopia and the Delegation will monitor the progress of this programme closely.

It was noted that, at least in its initial phase, the deconcentration of the Commission services to field level might have contributed to a slower commitment and disbursement of resources, since in some instances stricter rules applied. It was hoped, however, that this effect would be temporary only, and that deconcentration would lead, in 2003, to a faster and more efficient use of resources.

The unprecedented decentralization process in Ethiopia will bring decision-making closer to the people. In the short-run transitory problems might however affect the level and quality of service delivery. Close monitoring of this process and its impact on the European Commission's development program will take place through the various diagnostic review instruments.

7.3. Programming perspective for the coming years

The new CSP programming progress applied under the Cotonou Agreement which had been a positive experience for both partners had resulted in a 9th EDF NIP which was not only fully owned by the Government of Ethiopia, but which was fully coherent with both partners' development objectives and well coordinated with other donor interventions. Its participatory approach, involving a proposed closer dialogue with civil society, including the private sector, mirrored that adopted in the PRSP process, which had been under way at the same time.

The CSP's poverty focus was considered to remain fully in line with Ethiopia's overall development strategy, but there was recognition that the continued relevance of the chosen focal sectors should be monitored in the framework of Ethiopia's PRSP.

Programming priorities for 2003-4 onwards would focus on (a) finding adequate and affordable solutions to the implementation problems in road sector programmes, (b) finalising project proposals to be funded from remaining balances of previous EDFs, and (c) proceeding with the identification, preparation and implementation of 9th EDF projects and programmes.

The importance of a greater involvement in sectoral policy discussions (education, health, transport, food security as well as in relation with macro-economic issues) in order to achieve these aims was reconfirmed. This is also to be seen in the context of a greater use of the budget support mechanism.

On the specific issue of indicators and conditionalities, it was noted that the definition of indicators and conditionalities to be used in the context of 9th EDF implementation had to be seen in the context of the broader harmonization agenda. As suggested by the recent SPA mission, co-chaired by the European Commission, indicators should be aligned with the SDPRP. Both parties agreed that the current indicators needed further refinement and detailing. A new set of indicators will be agreed upon in September 2003.

The European Commission will, together with other interested funding agencies, discuss the indicators with the government in 2003. Indicators will look both at processes and outcomes. These indicators should fit into the overall policy objectives of the European Commission.

As regards the Commission's engagement in food security, it was noted that both parties underlined the importance of continuously focusing on the underlying causes of food insecurity, while addressing the prevailing food security crisis.

On trade, both partners recognized the importance of trade as an engine of growth, and agreed to enhance capacities, in view of optimizing the various instruments available for promoting trade and development.

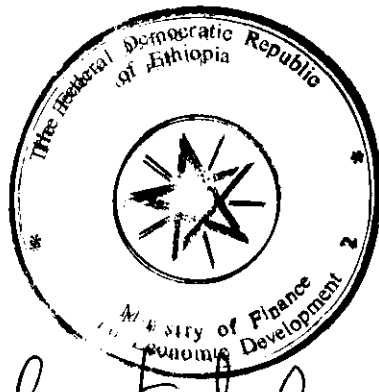
7.4. Dialogue

7.4.1. Policy dialogue

The value to both partners of dialogue on policy was confirmed. Both confirmed their continuing readiness to engage in policy dialogue in a number of sectors, particularly those to which the Indicative Programs are directly or indirectly linked. These sectors include: Food Security, Infrastructure/transport, Public Finance Management, Private Sector Development and Trade, Health, Education, Civil Society and Governance.

7.4.2. Political dialogue

Both partners agreed on the importance of political dialogue. Both agreed that such dialogue, as provided for by Article 8 of the Cotonou Agreement, had been strengthened over the past year, and that it had been open and mutually beneficial.



Mulu Ketsela

**Mulu Ketsela (Dr.)
State Minister MOFED
Deputy NAO**

02 DEC 2003



Jean-Pierre Pierard

27-11-2003

**Mr. Jean-Pierre Pierard
Acting Head of Delegation**

PROJECTS AGREED FOR PARTIAL DECOMMITMENT

A. Agreement to immediate closure of the following projects:

6 ACP ET 20
7 ACP ET 39
7 ACP ET 74
7 ACP RPR 682
7 ACP GPR 8 (subject to confirmation)

B. Agreement to immediate partial de-commitment:

6 ACP ET 32 (subject to confirmation)
6 ACP ET 41 (subject to confirmation)
7 ACP ET 82
7 ACP ET 90
7 ACP ET 103

C. Closure, subject to further examination of the following projects:

7 ACP ET 28
7 ACP ET 68 7 ACP ET 82
7 ACP ET 103

Annexes II

- 1 Indicators of CSP
2. Retrospective Annexes
3. Prospective Annexes

Focal Sector Macro Economic Support

TARGETS/OBJECTIVES/RESULTS	PERFORMANCE INDICATORS	Results
<p>Medium-term targets (PRGF/I-PRSP):</p> <ol style="list-style-type: none"> 1. - Average annual GDP growth (at constant prices) of 7% in period 2001-2003 2. - To achieve further macro-economic stabilization 3. - To substantially reduce defense spending and to give priority to poverty related expenditures in planning and budgeting; 4. - To improve public finance management in view of expected additional external resources (HIPC, PRSP, Budget support) 	<ul style="list-style-type: none"> - average income per head increased to 150 USD by 2003 - reduction of BOP-deficit to 128 million USD and of budget deficit to 6.2% of GDP (including grants) by 2003 - by 2003 increased shares in public expenditure for poverty reduction to: education (14.5%), health (7%), agriculture (10%) and roads (10%) 	<p>Recent economic developments were adversely affected by a severe drought. Preliminary data indicate that mainly as a result of a 12 percent drop in agricultural production, real GDP for 2002 was 1.2% (for 2003 the projection is MINUS 3.8 percent.)</p> <p>The BOP deficit per ultimo 2002 was 27 million USD (overall balance). The budget deficit for EFY 1994 (ending July 2002) was 9.4 % of GDP.</p> <p>Social expenditures rose to 45 % of total budget spending. The breakdown over the sectors is: education 14.8%, health 6.3%, agriculture and natural resources 12.7% and roads 11.3% (percentage of total spending).</p>
<p>EC-intervention objectives:</p> <ol style="list-style-type: none"> 1. - Macro-economic and fiscal stabilisation 2. - Increase of poverty reduction related expenditures 3. - Increased over-all and gender-balanced education enrolment rates 4. - Higher share of private sector actors in overall economic activity 5. - Enhanced negotiation capacity related to trade/economic integration 6. - Improved systems of public finance management 	<ul style="list-style-type: none"> - PRSP-targets - gross enrolment ratio in primary education of 50% by 2002 and 65% by 2005; ratio of girls to boy students of 47% in 2005 at primary level - % target - number of trade meetings in which Ethiopia plays active role - % of aid disbursed in form of direct budget support - backlog (months) of financial reports 	<p>The macro targets foresaw a 7% growth of GDP and low inflation. Inflation for 2002 was MINUS 7.2% (the projection for 2003 is 9.2%)</p> <p>GER has now reached 61.6% and is likely to exceed 65% by 2005. The gender gap is increasing, but special programmes are being designed to address this gap.</p> <p>The indicator for share of private sector actors was not specified. In general it can be observed that government is encouraging private sector participation by a number of supporting measures and relaxation of procedures. With regard to negotiation capacity for trade integration, a Diagnostic Trade Integration Study was carried out in 2003. An institutional support programme will be prepared to enhance the negotiation capacity.</p> <p>In 2002 the Commission disbursed € 25 million in the form of DBS. The UK disbursed 10 million BP. 2002 was the first year Ethiopia received DBS.</p> <p>The backlog of financial reports was significantly reduced. In most cases to four months.</p>
<p>Expected Results:</p> <ol style="list-style-type: none"> 1. - Substantial reduction of BOP and budget deficits 2. - Attainment of (i)PRSP/ESDP targets for poverty reduction in education 3. - Strengthened capacity of entrepreneurs and intermediary organisations 4. - Satisfactory outcome of REPA negotiations and regional programming 5. - Higher volume of Ethiopian exports towards EU market 6. - Timely achievement of annual planning/budget cycles 7. - Improved accounting, reporting & auditing standards 	<p>Result indicators:</p> <ul style="list-style-type: none"> - acceptable level - see PRSP - number of entrepreneurs/staff trained; employment created - REPA agreement/ RSS - level to be identified - respect of calendar - timely publication and frequency of reports 	<p>See above</p> <p>See above</p> <p>In 2002 the Micro and Small Enterprise Development Programme (€ 7 million) started, supporting intermediary organizations and individual entrepreneurs. REPA negotiations are slowly starting to take place. In 2002 no break-through was achieved.</p> <p>As reported in the Country Financial Accountability Assessment, the planning cycle is improving. There remain however a number of issues to be improved. A new Chart of Accounts has been approved and is being rolled out in the country.</p>

TARGETS/OBJECTIVES/ RESULTS	PERFORMANCE INDICATORS	2002 ACHIEVEMENT
Medium term targets (I-PRSP/RSDP):		
1. increased road network density	- road network coverage of 64% by 2007 - average distance to nearest road reduced to 4.6 hours by 2007	- 25% road network coverage - 5.6 hours average distance to nearest road
2. increased share of expenditures for roads	- 10% of total public expenditure by 2003	- 16% of total public expenditure
3. improved quality of road network	- 45% of roads in good condition by 2007 - road maintenance budget as % of: ---total road expenditure ---total public expenditure	- 30% roads in good condition - 15% of total road expenditure - 2% of total public expenditure
EU-intervention objectives:		
1. improved and expanded road network	- road network coverage - % of network in good condition	- 25% road network coverage - 30% roads in good condition
2. increased flows of traffic and goods	- number of vehicles using road network and quantity of goods transported	- 5,007,651 Vehicle-km/day
3. improved road connectivity with neighbouring countries	- number of vehicles, persons and goods crossing borders - reduced travel time	- Djibouti border, 830 vpd - 12% passenger vehicles. - travel time reduced on selected rehabilitated roads
4. improved transport policy development and implementation	- number and quality of new legislation passed	- Road Transport Regulation Study completed 2002 - draft revised road transport regulations prepared including axle load regulations
Expected Results:		
Result indicators:		
1. number of roads upgraded/rehabilitated	- number of km upgraded - number of km rehabilitated	- 547 km - 1,010 km
2. improved maintenance of road network	- reduction of maintenance backlog - better road quality - % private contractors - budget Road Fund	- maintenance backlog reduced by 15% over the last 15 years - 20% maintenance works by private contractors - Road Fund collection for road maintenance - ETB 300 million
3. improved ERA capacity to manage RSDP	- number of ERA staff trained - better design quality - reduction of delays in project implementation	Since 1997 - MSc overseas: 27 - Short-term overseas: 50 - Local: 665 - ERA training centres: 2,000 - Improved TOR for road design studies - as yet no reduction of delays in project implementation
4. New transport legislation promulgated and enforced	- enhanced capacity to enforce regulation - % reduction of accidents	- Road Transport Regulation Study completed 2002 - draft revised road transport regulation prepared including axle load regulations - Interim Road Safety Coordination Unit established, pending inauguration of National Road Safety Council - Mass-media public awareness campaign commenced - as yet no reduction in accidents

Non-focal Area: Capacity Building for Civil Society and Governance

TARGETS/OBJECTIVES/RESULTS	PERFORMANCE INDICATORS¹	Results
<p>Long-term targets:</p> <p>1. More effective, accountable and service oriented civil service at federal and decentralized levels.</p> <p>2. Improved and more widely spread application of the rule of law and Constitutional provisions.</p> <p>3. More pronounced role of civil society in appropriate areas of Governance.</p>	<p>- No. of high level civil servants trained in management skills Service Delivery Policy implemented</p> <p>-No. of trained legal professionals increased</p> <p>-Backlog of court cases reduced</p> <p>-Pre-trial detention periods reduced</p> <p>-No. of operational Human Rights and Legal Advocacy Organisations</p> <p>-Outreach of private media</p> <p>-Membership of independent trade unions</p>	<p>- Civil service reform ongoing. Full-scale training program funded mainly by World Bank still under preparation.</p> <p>- Comprehensive justice sector reform program still pending.</p> <p>- Civil Society / NSA role still limited to service delivery. No real substantial change regarding NSA advocacy capacity.</p> <p>- No substantial changes regarding outreach of private media. No private radio/TV yet operational yet</p> <p>-no substantial changes</p>
<p>EC-intervention objectives:</p> <p>1. To improve the effectiveness of the civil service at federal and decentralised levels.</p> <p>2. To expand and upgrade the quality of the court system in Ethiopia.</p> <p>3. To enhance the capacity of civil society to play an active role in selected governance areas in Ethiopia</p>	<p>Timeliness and quality of financial and progress reporting in Sector Development Programmes</p> <p>-No. of qualified staff operating in the various courts.</p> <p>-Increased speed of handling court cases.</p> <p>-Increased level of Civil Society involvement in advocacy for and enforcement of human rights, democracy and conflict prevention</p>	<p>- Civil Service Reform ongoing. CSR is also a declared priority of the GoE</p> <p>- There are efforts to address this problem, but the comprehensive justice sector reform is still pending</p> <p>GoE is using increasingly public consultations/debates as an input in the preparation of important decisions and laws. There is however no systematic involvement of NSA/CSO in this process yet.</p>
<p>Expected Results:</p> <p>1. Enhanced capacity of selected civil service organs to effectively perform assigned tasks.</p> <p>2. Improved capacities for civil service management.</p> <p>3. Increased number of qualified legal practitioners in the Ethiopian court system.</p> <p>4. Improved system of court administration and management.</p> <p>5. Enhanced capacity of civil society in advocacy, negotiations and implementation of Governance activities.</p>	<p>Result indicators:</p> <p>- Reduced number of vacancies in managerial and implementation positions in key sectors</p> <p>-Improved availability and use of supportive equipment</p> <p>- No. of appropriately trained managers in the civil service</p> <p>-No. of qualified lawyers working in the court system.</p> <p>-Information system in place that can track all pending court cases and files.</p> <p>-No. of successful activities in Governance by Civil Society</p>	<p>- See above</p> <p>- Capacity of the Civil Service College has been increased</p> <p>- See above</p> <p>- See above</p> <p>- See above</p>

¹ In the area of Capacity Building for Governance most performance indicators presented are of a quantitative nature, but lack baseline yardsticks and specific target levels. Progress will therefore have to be measured in terms of general directions. Moreover, much of the long-term development targets are qualitative in nature, which also requires qualitative assessments along with an assessment of quantitative performance progress. Furthermore, one should note that Government policy in this area needs further development and that specific EC interventions will be formulated at a later stage, which may both lead to a redefinition of performance indicators.

OBJECTIVES	PERFORMANCE INDICATORS	RESULTS
General: Poverty Reduction	See PRSP	
Specific: Increase food security	Physical indicators of permanent and temporary hunger and malnutrition are improved. Number of people in need of food aid decreased.	Severe drought has affected the country since Oct.2002. Agricultural production has fallen 25% (in volume) as compared with 2001 and people in need of food aid have shot up to 12.6 million (and may yet go up). Indicators of malnutrition have deteriorated sharply and GAM are above 15% in many food insecure woredas
Result: Increased supply		
<i>Activity:</i> Increased internal farm gate prices by linking internal prices to IPP	Prices on rural markets Development of commercial imports is an evidence that domestic prices > IPP, in some areas	Market prices for cereals have increased by an average of 25% compared with 2001 because of the crisis. Livestock prices, on the other hand have collapsed. Coffee prices have also collapsed, thus severely affecting BoP. No sign of commercial imports developing for cereals.
<i>Activity:</i> Improved market efficiency, roads, storage facilities, improved competitiveness in internal trade and competitiveness in transport sector	Existence of efficient market information system Number of markets, of rural road rehabilitated and of storage facilities for rent increased Number of effective private operators is increased	Market information system as yet undeveloped. ... km of rural roads rehabilitated/built (check ET). Number of private warehouses likely to increase with implementation of pilot warehouse receipts programme from July 2003. Number of private cereal traders and their capacity have increased, mostly due to the cereal local purchase operations financed by donors (for relief food aid)
<i>Activity:</i> Increased land productivity through land tenure security, access to inputs and improved agricultural practices	Strengthening the land tenure leasehold system Crop assessment Availability of inputs is increased Access to rural finance/micro credit is improved Number of input distributors and retailers goes up	Regional legislation on land tenure has been approved in 4 regions (T,A,O,S) but has yet to be implemented. Land productivity has decreased because of the drought but shows a stagnant trend over longer period as gains in productivity in some areas offset by expansion of production into marginal land. Use of inputs has fallen for the 2 nd consecutive year (17% fall in fertilizer use, 70% fall in use of improved seeds) as a consequence of the drought and the over indebtedness of farmers. Only 40% of approved loans were disbursed, a factor likely to lead to a reduction in smallholder credit made available by NBE. No change so far in the input supplier situation.
Result: Increased effective demand		
<i>Activity:</i> Increased non agricultural income	No of persons migrating/region Increase of non-farm income as % of GDP Secondary cities developed, education indicators	Resettlement programme has moved 40,000 households in 2003 but to other rural areas rather than urban areas No information on development of secondary cities. For education indicators please refer to Macro-economic table.
<i>Activity:</i> Income support to vulnerable groups is provided in cash not food	% of disabled, chronically food insecure	No change in provision of income support to vulnerable populations
<i>Activity:</i> Increased non-cereal agricultural income, exports are diversified, export performance for coffee, livestock is enhanced	Research and extension includes livestock and cash crops (coffee, potato, horticulture) Balance of payments	See above coffee
Result: Improved crisis management		
<i>Activity:</i> Enhanced crisis prevention capacity	Effective emergency response Effective early warning system Improved targeting	DPPC has improved its early warning system and alerted donors to incoming crisis early (July 2002). National targeting guidelines have been developed and piloted in some woredas. Larger scale training of officials is ongoing
<i>Activity:</i> Support to relief-rehabilitation is provided	Cash for work in 50% of all EGS EGS are better planned and programmed	Cash for work has not been expanded and EGS has shown severe limitations. Implementation capacity still limited to allow 80% of food aid to be distributed through EGS. Attempts to move towards other concepts such as Transitional Asset Protection Systems that also encompass social asset of vulnerable populations.

RETROSPECTIVE ANNEXES

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
6th EDF**

Account No. 6.ACP.ET.	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIV	
	1. NATIONAL INDICATIVE PROGRAMME: GRANTS and SPECIAL LOANS (210m EURO)							
	<u>1.1 Project Preparation</u>							
4, 61	Roads		0.08	G	0.08	0.00	0.08	100.0%
5, 43	Agriculture		0.08	G	0.08	0.00	0.08	100.0%
42	Water supply		0.05	G	0.05	0.00	0.05	100.0%
8,31,33,35,60	Others		0.09	G	0.09	0.00	0.09	100.0%
	<u>Main Projects</u>							
9	1.2 Integrated Training Programme (Foreign)	Sep-87	4.13	G	4.13	0.00	4.13	100.0%
10	1.3 Integrated Training Programme (Local)	Sep-87	2.50	G	1.91	0.00	1.91	76.4%
13	1.4 North Shewa Rural Reclamation & Development Program	Nov-87	15.77	G	15.77	0.00	15.77	100.0%
14	1.5 North Shewa Rural Reclamation & Development Program - Loan	Nov-87	2.00	L	0.00	0.00	0.00	0.0%
19	1.6 South Shewa Conservation Based Rural Dev't. Program	Oct-88	25.15	G	15.02	0.00	15.02	59.7%
20	1.7 South Shewa Conservation Based Rural Dev't. Program - Loan	Oct-88	1.05	L	0.00	0.00	0.00	0.0%
21	1.8 Central Shewa Peasant Agricultural Dev't Program	Oct-88	51.90	G	49.57	0.00	49.57	95.5%
22	1.9 Central Shewa Peasant Agricultural Dev't Program - Loan	Oct-88	1.50	L	0.74	0.00	0.74	49.3%
26	1.10 Coffee Improvement Project	Feb-89	28.50	G	23.55	0.00	23.55	82.6%
27	1.11 Coffee Improvement Project - Loan	Feb-89	3.06	L	3.06	0.00	3.06	100.0%
32	1.12 Lake Fisheries Development Project	Aug-89	7.50	G	6.69	0.00	6.69	89.2%
44	1.13 Foreign Trade Development Programme	Nov-90	1.34	G	1.34	0.00	1.34	100.0%
29	1.14 Sectoral Import Programme I	Apr-89	10.44	G	10.44	0.00	10.44	100.0%
41	1.15 Sectoral Import Programme II	Feb-90	24.00	G	22.60	0.00	22.60	94.2%
45	1.16 Sectoral Import Programme III	Feb-91	11.49	G	11.49	0.00	11.49	100.0%
46	1.17 Sectoral Import Programme III - Loan	Feb-91	2.76	L	2.76	0.00	2.76	100.0%
62	1.18 Social Rehabilitation Programme	Dec-99	0.34	G	0.34	0.00	0.34	100.0%
8	1.19 Higher Education	Nov-97	0.01	G	0.01	0.00	0.01	100.0%
	TOTAL NATIONAL INDICATIVE PROGRAMME		193.74		169.72	0.00	169.72	87.6%

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					PREVIOUS	IN 2002	CUMULATIV	
	2. NATIONAL INDICATIVE PROGRAMME: EIB RISK CAPITAL							
16, 17	2.1 Lega Dembi Gold Mine		21.00		21.00	0.00	21.00	100.0%
25	2.2 Port of Assab		3.64		3.64	0.00	3.64	100.0%
64	2.3 Air Traffic Services System Project		5.30		4.48	0.00	4.48	84.5%
	TOTAL EIB		29.94		29.12	0.00	29.12	97.3%
	3. STABEX							
6, 7	3.1 STABEX 85		28.09		28.09	0.00	28.09	100.0%
12	3.2 STABEX 86		6.34		6.34	0.00	6.34	100.0%
24	3.3 STABEX 87		57.17		57.17	0.00	57.17	100.0%
34	3.4 STABEX 88		6.58		6.58	0.00	6.58	100.0%
55	3.5 STABEX 89		0.42		0.42	0.00	0.42	100.0%
	TOTAL STABEX		98.60		98.60	0.00	98.60	100.0%
	4. EMERGENCY AID (Lome III, Art. 203)							
1	4.1 Tigre Region Air Bird		0.50		0.50	0.00	0.50	100.0%
2	4.2 Aid to Victims of Drought - Airbridge E.C.S.		0.50		0.50	0.00	0.50	100.0%
3	4.3 Aid to Victims of Malnutrition		2.18		2.18	0.00	2.18	100.0%
15, 18	4.4 Aid to Victims of Drought		22.24		22.24	0.00	22.24	100.0%
23, 30, 51	4.5 Aid for Somali Refugees		1.76		1.76	0.00	1.76	100.0%
39	4.6 Aid for Sudanese Refugees		0.35		0.35	0.00	0.35	100.0%
40	4.7 Famine in Northern Ethiopia		9.30		9.30	0.00	9.30	100.0%
47	4.8 Persons Affected by Conflict		5.50		5.50	0.00	5.50	100.0%
54	4.9 Serious Drought Situation (Food)		0.42		0.42	0.00	0.42	100.0%
55	4.10 Medical Assistance to Conflict Victims in Ethiopia		0.65		0.65	0.00	0.65	100.0%
57	4.11 Humanitarian Help in Favour of Refugees Following Drought		3.47		3.47	0.00	3.47	100.0%
58	4.12 Ethiopian Population Victims of Conflict		0.57		0.57	0.00	0.57	100.0%
	TOTAL EMERGENCY AID		47.44		47.44	0.00	47.44	100.0%

**CO-OPERATION BETWEEN
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6th EDF**

Account No. 6.ACP.ET.	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIV	
	5. AID TO REFUGEES (Lome III, Art. 204)							
28	5.1 Point Contr Rout Conten Atelie (GTZ)		0.28		0.28	0.00	0.28	100.0%
36	5.2 Health Programme MSF		0.26		0.26	0.00	0.26	100.0%
37	5.3 Care Ethiopia Water Tankering Operation		0.45		0.45	0.00	0.45	100.0%
38	5.4 Aid for Refugees		8.10		8.10	0.00	8.10	100.0%
48	5.5 Medical Assistance to Somali Refugees MSF		0.75		0.75	0.00	0.75	100.0%
56	5.6 Drug Supply Management System MSF		0.42		0.42	0.00	0.42	100.0%
	TOTAL AID TO REFUGEES		10.26		10.26	0.00	10.26	100.0%
	6. TRANSFERS FROM LOME I							
49	6.1 Fisheries Development		0.08		0.08	0.00	0.08	100.0%
50	6.2 Rural Water Supply		0.01		0.01	0.00	0.01	100.0%
52	6.3 Practical Education (British Council)		0.00		0.00	0.00	0.00	
63	6.4 Social Rehabilitation		0.74		0.74	0.00	0.74	100.0%
	TOTAL TRANSFERS LOME I		0.83		0.83	0.00	0.83	100.0%
6.ACP.RPR.	7. REGIONAL INDICATIVE PROGRAMME							
	7.1 Project Preparation							
333	Preparatory Study Ethiopia - Kenya Fele Road		0.05		0.05	0.00	0.05	100.0%
476	Meeting for Reginal Programme East Africa		0.02		0.02	0.00	0.02	100.0%
296	Expo. Ethiopian Airlines Training Centre		0.05		0.05	0.00	0.05	100.0%
	Main Projects							
246	7.2 Research Coordination & Training for Improved Lifestock Prod. in Sub-Saharan Africa (ILCA)		3.28		3.28	0.00	3.28	100.0%
304	7.3 Leather Fair Ethiopia		0.31		0.31	0.00	0.31	100.0%
	TOTAL RIP		3.71		3.71	0.00	3.71	100.0%
	TOTAL EDF		384.52		359.68	0.00	359.68	93.5%
	1. NATIONAL INDICATIVE PROGRAMME							
	INFRASTRUCTURE		0.08		0.08	0.00	0.08	100.0%
	RURAL DEVELOPMENT		136.65		114.62	0.00	114.62	83.9%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		57.70		57.70	0.00	57.70	100.0%
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		156.44		154.45	0.00	154.45	98.7%
	GOVERNANCE							
	TOTAL NIP		350.87		326.85	0.00	326.85	93.2%
	2. REGIONAL INDICATIVE PROGRAMME							

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
6th EDF**

Account No. 6.ACP.ET.	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIV	
	INFRASTRUCTURE		0.10		0.10	0.00	0.10	100.0%
	RURAL DEVELOPMENT		3.28		3.28	0.00	3.28	100.0%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)							
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		0.33		0.33	0.00	0.33	100.0%
	GOVERNANCE							
	TOTAL RIP		3.71		3.71	0.00	3.71	100.0%
	TOTAL EDF							
	INFRASTRUCTURE		0.18		0.18	0.00	0.18	100.0%
	RURAL DEVELOPMENT		139.93		117.90	0.00	117.90	84.3%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		57.70		57.70	0.00	57.70	100.0%
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		156.77		154.78	0.00	154.78	98.7%
	GOVERNANCE							
	TOTAL EDF		354.58		330.56	0.00	330.56	93.2%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
7th EDF**

Account No. 7.ACP.ET.____	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIVE	
	1. NATIONAL INDICATIVE PROGRAMME: GRANTS (214m EURO)							
	1.1 <u>Project Preparation</u>							
20,50,56,60,70,72,78,83,88,92	Roads		2.20	G	1.44	0.00	1.44	65.5%
53, 57, 61	Railway		0.74	G	0.75	0.00	0.75	101.4%
21, 47, 79	Private Sector Development		0.37	G	0.36	0.00	0.36	97.3%
18, 100, 104	Water supply / Sanitation		1.28	G	0.58	0.00	0.58	45.3%
10,25,27,32,59,73,74,75,85,87,97,102	Others		0.89	G	0.84	0.00	0.84	94.4%
	<u>Main Projects</u>							
6	1.2 Sectoral Import Programme IV	May-93	25.78	G	25.78	0.00	25.78	100.0%
28	1.3 Pan African Rinderpest Campaign (PARC) III	Aug-93	3.00	G	2.00	0.00	2.00	66.7%
31	1.4 Afar Rural Development	Jan-94	1.90	G	1.84	0.00	1.84	96.8%
48	1.5 Addis Ababa Water Supply	Mar-94	1.99	G	1.93	0.00	1.93	97.0%
49	1.6 Return & Reintegration Qualified African Nationals III	Feb-94	0.38	G	0.21	0.00	0.21	55.3%
58	1.7 Micro-Projects	May-94	2.16	G	2.16	0.00	2.16	100.0%
34, 62	1.8 Support Prog. to Ethiop. Students Studying in Ex-USSR	Aug-94	1.36	G	1.36	0.00	1.36	100.0%
68	1.9 National Parks	Nov-94	2.00	G	1.91	0.00	1.91	95.5%
82	1.10 Strengthening National Training and Research Capacity in Eco.	Apr-96	1.05	G	0.90	0.00	0.90	85.7%
84	1.11 Safeguarding Religious Treasures of the Eth. Orthodox Church	May-96	0.75	G	0.33	0.07	0.40	53.0%
86	1.12 Farming Tsetse Control Areas		1.80	G	0.33	0.00	0.33	18.3%
89	1.13 Road Sector Policy Support Project	Mar-97	2.00	G	1.25	0.32	1.57	78.5%
90	1.14 Higher Education Development Support	Nov-97	1.99	G	0.96	0.00	0.96	48.2%
35, 36, 98	1.15 Structural Adjustment	Dec-95	88.80	G	86.95	0.00	86.95	97.9%
93	1.16 Addis - Awassa Road Rehabilitation	Jul-97	58.86	G	44.14	3.85	47.99	81.5%
99	1.17 Addis - Jima Road Rehabilitation	Jul-98	60.00	G	28.74	4.03	32.77	54.6%
101	1.18 Addis Ababa Water Supply Project	Sep-98	19.50	G	3.78	1.15	4.93	25.3%
103	1.19 Programme Support Project		0.67	G	0.25	0.00	0.25	37.3%
85,105,106&109	1.20 Lalibela Shelters	6/96,9/99,10/01	5.48	G	0.60	0.28	0.88	16.0%
107	1.21 Private Sector Capacity Building		7.00		0.00	0.00	0.00	0.0%
	TOTAL GRANT		291.95		209.39	9.69	219.08	75.0%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
7th EDF**

	2. NATIONAL INDICATIVE PROGRAMME: EIB RISK CAPITAL							
8	2.1 Telecommunications Rehabilitation		4.67		4.67	0.00	4.67	100.0%
69	2.2 Telecommunication		14.00		14.00	0.00	14.00	100.0%
77	2.3 Air Traffic Services System Project		15.70		0.00	6.54	6.54	41.7%
79	2.4 Bahr Dar Textile Mill II		0.00		0.00	0.00	0.00	
91	2.5 DBE Global Loan		10.00		7.67	0.81	8.48	84.8%
	TOTAL EIB		44.37		26.34	7.35	33.69	75.9%
	3. STABEX					0.00		
1, 2	3.1 STABEX 90		64.59		64.59	0.00	64.59	100.0%
12, 13	3.2 STABEX 91		49.40		49.40	0.00	49.40	100.0%
51, 52	3.3 STABEX 92		40.90		40.90	0.00	40.90	100.0%
66, 67	3.4 STABEX 93		22.58		22.58	0.00	22.58	100.0%
80	3.5 Balance from First Financial Protocol Lome IV		2.03		2.03	0.00	2.03	100.0%
	TOTAL STABEX		179.50		179.50	0.00	179.50	100.0%
	4. STRUCTURAL ADJUSTMENT SUPPORT		78.40		77.59	0.00	77.59	99.0%
	5. EMERGENCY AID (Lome IV, Art. 254)							
3	5.1 In Favour of Affected Population Suffering Extreme Hardship		0.43		0.43	0.00	0.43	100.0%
5	5.2 EA to Finance Countrywide International Transport Programme		0.93		0.93	0.00	0.93	100.0%
7	5.3 Relief Programme for Persons Affected by Internal Clashes		0.87		0.87	0.00	0.87	100.0%
16	5.4 Aid to Persons Affected by Internal Conflicts, Refugees		0.79		0.79	0.00	0.79	100.0%
17	5.5 Aid in Favour of Victims of Drought		0.68		0.68	0.00	0.68	100.0%
46	5.6 Displaced Population (Somali Refugees)		0.21		0.21	0.00	0.21	100.0%
55, 95, 96	5.7 ICRC Prison Survey		2.16		1.79	0.00	1.79	82.9%
	TOTAL EMERGENCY AID		6.07		5.70	0.00	5.70	93.9%
	6. AID TO REFUGEES (Lome IV, Art. 255)							
4	6.1 Assistance to Jijiga Hospital, Hararghe (Somali Refugees)		0.38		0.38	0.00	0.38	100.0%
22	6.2 Assistance to Jijiga Hospital, Hararghe		0.29		0.29	0.00	0.29	100.0%
23	6.3 Assistance to Dilchora, Dire Dawa Hospital (Somali Refugees)		0.30		0.30	0.00	0.30	100.0%
29	6.4 Evaluation Integration Ethiopian Nationals Displaced from Eritrea		0.05		0.05	0.00	0.05	100.0%
63	6.5 Reintegration of Ethiopians Displaced from Eritrea		1.88		1.87	0.00	1.87	99.5%
65	6.6 Social Rehabilitation Programme		4.17		4.16	0.00	4.16	99.8%
	TOTAL AID TO REFUGEES		7.07		7.05	0.00	7.05	99.7%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
7th EDF**

	7. TRANSFERS FROM LOME II							
36	7.1 Integrated Training Programme		0.05		0.05	0.00	0.05	100.0%
37	7.2 Addis Ababa Water Supply	Dec-93	0.19		0.19	0.00	0.19	100.0%
39	7.3 Amarti Diversification Project		6.41		0.05	0.00	0.05	0.8%
40	7.4 Amibara Irrigation Project		0.58		0.58	0.00	0.58	100.0%
64	7.5 Social Rehabilitation Programme		1.56		1.56	0.00	1.56	100.0%
54	7.6 Strengthening Local Teaching Capacity in Anaesthesiology		0.34		0.34	0.00	0.34	100.0%
94	7.7 Addis Ababa - Modjo - Awassa Road	Apr-97	1.02		1.02	0.00	1.02	100.0%
	TOTAL TRANSFERS LOME II		10.15		3.79	0.00	3.79	37.3%
7.ACP.RPR.---	8. REGIONAL INDICATIVE PROGRAMME							
	<u>8.1 Project Preparation</u>							
0.96	Evaluation of Ethiopia - Djibouti Railway Project		0.04		0.04	0.00	0.04	100.0%
116	Expansion of the Multi-National Aviation Training Centre, A.A.		0.33		0.30	0.03	0.33	100.0%
682	Pre-feasibility study Isiolo-Moyale Road		0.17		0.15	0.00	0.15	85.8%
	Annual Meeting Regional NAO's		0.10		0.06	0.00	0.06	60.0%
	<u>Main Projects</u>							
106	8.2 Pan African Rinderpest Campaign (PARC) III	Aug-93	6.00		4.57	0.03	4.60	76.7%
183	8.3 Ethiopia - Djibouti Railway	Dec-93	0.07		0.07	0.00	0.07	100.0%
184	8.4 Ethiopia - Djibouti Railway - Special Loan	Dec-93	0.43		0.43	0.00	0.43	100.0%
186	8.5 Assistance to Statistics Training Centres	Dec-93	0.15		0.15	0.00	0.15	100.0%
228	8.6 Migrant Pest Control East Africa	Dec-93	0.30		0.30	0.00	0.30	100.0%
318	8.7 Wheat Breeding & Pathology Research	Jun-94	1.80		1.80	0.00	1.80	100.0%
319	8.8 Research Coord. & Training in improved Livestock Prod.	Apr-94	1.87		1.87	0.00	1.87	100.0%
330	8.9 Economics & Policy in Agricultural Research Systems	Jun-94	1.13		1.13	0.00	1.13	100.0%
397	8.10 Preparation of the Film "La Traversee du Jour"	Jul-95	0.46		0.46	0.00	0.46	100.0%
578	8.11 Farming Tsetse Control Areas		15.10		0.22	0.00	0.22	1.5%
	TOTAL RIP		27.95		11.55	0.06	11.61	41.5%
	TOTAL EDF		645.46		520.91	17.10	538.00	83.4%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
7th EDF**

	SECTOR	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIVE	
	1. NATIONAL INDICATIVE PROGRAMME							
	INFRASTRUCTURE		154.01		84.75	9.69	94.44	61.3%
	RURAL DEVELOPMENT		15.69		6.71	0.00	6.71	42.8%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		13.14		12.75	0.00	12.75	97.0%
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		390.30		377.97	0.00	377.97	96.8%
	GOVERNANCE							
	TOTAL NIP		573.14		482.18	9.69	491.87	85.8%
	2. REGIONAL INDICATIVE PROGRAMME							
	INFRASTRUCTURE		1.04		0.99	0.03	1.02	97.7%
	RURAL DEVELOPMENT		26.20		9.89	0.03	9.92	37.9%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)							
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		0.71		0.67	0.00	0.67	94.4%
	GOVERNANCE							
	TOTAL RIP		27.95		11.55	0.06	11.61	41.5%
	TOTAL EDF							
	INFRASTRUCTURE		155.05		85.74	9.72	95.45	61.6%
	RURAL DEVELOPMENT		41.89		16.60	0.03	16.63	39.7%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		13.14		12.75	0.00	12.75	97.0%
	ECONOMIC AND SOCIAL (INCLUDING STABEX)		391.01		378.64	0.00	378.64	96.8%
	GOVERNANCE							
	TOTAL EDF		601.09		493.73	9.75	503.47	83.8%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
8th EDF**

Account No. 8.ACP.ET.	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIVE	
	1. NATIONAL INDICATIVE PROGRAMME: GRANTS (294m EURO)							
	1.1 <u>Project Preparation</u>							
15	Harar - Jijiga Road	Nov-01	0.71	G	0.00	0.00	0.00	0.0%
19	Addis Ababa Governance Study	Apr-02	0.08	G	0.00	0.08	0.08	98.0%
24	Performance audit of the road sector	Oct-02	0.08	G	0.00	0.00	0.00	0.0%
	<u>Main Projects</u>							
3	1.2 Addis Ababa - Jima Road Rehabilitation	Jul-98	42.00	G	1.50	0.89	2.39	5.7%
4	1.3 Addis Ababa - Woldiya Road Rehabilitation Project	Oct-98	120.00	G	3.74	15.38	19.12	15.9%
5 & 22	1.4 Kombolcha - Mille Road Rehabilitation Project	Oct-99	55.00	G	0.00	0.00	0.00	0.0%
9	1.10 Support to Education Sector Development Programme	Mar-01	23.00	G	0.00	0.00	0.00	0.0%
10	1.10 Support to Law Faculty at Mekele University	Jan-02	2.00	G	0.00	0.00	0.00	0.0%
11	1.5 Addis Ababa Water Supply II	Sep-01	6.00	G	0.00	0.00	0.00	0.0%
12	1.6 Coffee and tea improvement project	Jan-02	15.00	G	0.00	0.00	0.00	0.0%
13	1.7 Lalibela churches	Oct-01	5.10	G	0.00	0.00	0.00	0.0%
14	1.8 Structural adjustment support	Nov-01	24.40	G	0.00	24.40	24.40	100.0%
16 & 17	1.9 Poverty Reduction Budgetary Support (PRBS-I)	Dec-01	44.05	G	0.00	25.75	25.75	58.5%
21	1.10 Support to Capacity Building in Education	Jul-02	0.74	G	0.00	0.00	0.00	0.0%
23	1.11 Integrated Financial Management System	Sep-02	9.00	G	0.00	1.00	1.00	11.1%
	TOTAL GRANT		347.15		5.24	67.49	72.73	20.9%
	2. NATIONAL INDICATIVE PROGRAMME: EIB RISK CAPITAL							
2	2.1 Gilgel Gibe Power Plant	Nov-97	41.00		18.56	19.48	38.04	92.8%
26	2.2 EEPKO Distribution network	Nov-02	25.00		0.00	0.00	0.00	0.0%
	TOTAL EIB		66.00		18.56	19.48	38.04	57.6%
	3. STABEX							
6	3.1 STABEX 99	Jun-00	4.52		4.52	0.00	4.52	100.0%
7	3.1 STABEX - Repayment agreement	Dec-00	0.35		0.35	0.00	0.35	100.0%
	TOTAL STABEX		4.87		4.87	0.00	4.87	100.0%
1	4. STRUCTURAL ADJUSTMENT SUPPORT	10/97 & 11/01	50.00		50.00	0.00	50.00	100.0%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION
8th EDF**

Account No. 8.ACP.ET.	TITLE OF PROJECT	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
					PREVIOUS	IN 2002	CUMULATIVE	
18 20	5. EMERGENCY AID (Lome IV, Art. 254)							
	5.1 Emergency aid for meninghitis	Feb-02	1.00		0.00	0.27	0.27	26.8%
	5.1 Emergency, aid, monitoring	Apr-02	1.15		0.00	0.58	0.58	50.0%
	TOTAL EMERGENCY AID		2.15		0.00	0.84	0.84	39.2%
	6. AID TO REFUGEES (Lome IV, Art. 255)							
25	6.1 Reintegration of Ethiopians displaced from Eritrea	Nov-02	6.67		0.00	0.00	0.00	0.0%
	TOTAL AID TO REFUGEES		6.67		0.00	0.00	0.00	0.0%
	8.ACP.ROR_							
4	5. Regional Indicative Programme (RIP)							
	5.1 CDE Policy Support		1.75		0.00	0.12	0.12	7.0%
	5.2 East Africa Regional Statistical Training Strategy		3.00		0.03	0.00	0.03	1.0%
	5.3 Support to the OAU Liaison Mission in Ethiopia		0.85		0.42	0.00	0.42	49.4%
	TOTAL RIP		5.60		0.45	0.12	0.57	10.2%
TOTAL EDF		502.57		124.25	87.93	212.18	42.2%	

SECTOR	DATE OF DECISION	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
				PREVIOUS	IN 2002	CUMULATIVE	
1. NATIONAL INDICATIVE PROGRAMME							
INFRASTRUCTURE		228.89		5.24	16.26	21.50	9.4%
RURAL DEVELOPMENT		15.00		0.00	0.00	0.00	0.0%
FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		2.15		0.00	0.84	0.84	39.2%
ECONOMIC AND SOCIAL (INCLUDING STABEX)		162.73		54.87	51.15	106.01	65.1%
GOVERNANCE		2.08		0.00	0.08	0.08	3.8%
TOTAL NIP		410.84		60.11	68.33	128.44	31.3%
2. REGIONAL INDICATIVE PROGRAMME							
INFRASTRUCTURE		1.75		0.00	0.12	0.12	7.0%
RURAL DEVELOPMENT							
FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)							
ECONOMIC AND SOCIAL (INCLUDING STABEX)		3.00		0.03	0.00	0.03	1.0%
GOVERNANCE		0.85		0.42	0.00	0.42	49.4%
TOTAL RIP		5.60		0.45	0.12	0.57	10.2%
TOTAL EDF							
INFRASTRUCTURE		230.64		5.24	16.39	21.63	9.4%
RURAL DEVELOPMENT		15.00		0.00	0.00	0.00	0.0%
FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)		2.15		0.00	0.84	0.84	39.2%
ECONOMIC AND SOCIAL (INCLUDING STABEX)		165.73		54.90	51.15	106.04	64.0%
GOVERNANCE		2.93		0.42	0.08	0.50	17.0%
TOTAL EDF		416.44		60.56	68.45	129.01	31.0%

ETHIOPIA : FINANCIAL PERFORMANCE IN 2002

BREAKDOWN BY INSTRUMENT

(figures in EURO million)

INSTRUMENT	TITLE OF PROJECT	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
				PREVIOUS	IN 2002	CUMULATIVE	
NIP	8 th EDF	347.15	G	5.24	67.49	72.73	20.9%
	7 th EDF	291.95	G	209.39	9.69	219.08	75.0%
	6 th EDF	193.74	G	169.72	0.00	169.72	87.6%
	5th-4th EDF TRANSFERS	10.98	G	4.62	0.00	4.62	42.08%
	TOTAL NIP	843.82	G	388.97	77.17	466.14	55.2%
RIP	8 th EDF	5.60	G	0.45	0.12	0.57	10.2%
	7 th EDF	27.95		11.55	0.06	11.61	41.52%
	6 th EDF	3.71		3.71	0.00	3.71	100.00%
	TOTAL RIP	37.26	G	15.71	0.18	15.89	42.64%
	TOTAL NIP+RIP	881.08	G	404.68	77.36	482.03	54.71%
EDF NON - PROGRAMMABLE FUNDS							
	8 th EDF	63.69	G	54.87	0.84	55.71	87.47%
	7 th EDF	271.04	G	269.84	0.00	269.84	99.56%
	6 th EDF	156.30	G	156.30	0.00	156.30	100.00%
	TOTAL OF EDF NON-PROGRAMMABLE FUNDS	491.03	G	481.01	0.84	481.85	98.13%
EUROPEAN INVESTMENT BANK							
	8 th EDF	66.00	L	18.56	19.48	38.04	57.63%
	7 th EDF	44.37	L	26.34	7.35	33.69	75.93%
	6 th EDF	29.94	L	29.12	0.00	29.12	97.26%
	TOTAL OF EIB FUNDS	140.31	L	74.02	26.83	100.85	71.87%

ETHIOPIA : FINANCIAL PERFORMANCE IN 2002

BREAKDOWN BY INSTRUMENT

(figures in EURO million)

INSTRUMENT	TITLE OF PROJECT	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
				PREVIOUS	IN 2002	CUMULATIVE	
TOTALS OF NON-PROGRAMMABLE FUNDS							
	8 th EDF	129.69	G + L	73.43	20.32	93.75	72.28%
	7 th EDF	315.41	G + L	296.18	7.35	303.53	96.23%
	6 th EDF	186.24	G + L	185.42	0.00	185.42	99.56%
TOTAL OF NON-PROGRAMMABLE FUNDS		631.34	G + L	555.03	27.67	582.70	92.29%
GRAND TOTALS							
	8 th EDF	482.44	G + L	79.12	87.93	167.05	34.63%
	7 th EDF	635.31	G + L	517.12	17.10	534.21	84.09%
	6 th EDF	383.69	G + L	358.85	0.00	358.85	93.53%
	5th-4th EDF TRANSFERS	10.98	G	4.62	0.00	4.62	42.08%
TOTAL FOR ETHIOPIA		1,512.42	G + L	959.70	105.02	1,064.73	70.40%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION**

**BREAKDOWN BY SECTOR
(figures in EURO million)**

INSTRUMENT	SECTOR	AMOUNT OF FINANCING AGREEMENT	LOAN / GRANT	PAYMENTS			% OF CUMUL. AMOUNT TO FIN. AGR./DAG
				PREVIOUS	IN 2002	CUMULATIVE	
NIP	1. NATIONAL INDICATIVE PROGRAMME						
	INFRASTRUCTURE	382.98		90.07	25.95	116.02	30.3%
	RURAL DEVELOPMENT	167.34		121.33	0.00	121.33	72.5%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)	72.99		70.45	0.84	71.29	
	ECONOMIC AND SOCIAL (INCLUDING STABEX)	709.47		587.29	51.15	638.43	90.0%
	GOVERNANCE	2.08		0.00	0.08	0.08	
	TOTAL NIP	1,334.85	G	869.14	78.02	947.15	71.0%
RIP	1. REGIONAL INDICATIVE PROGRAMME						
	INFRASTRUCTURE	2.89		1.09	0.15	1.24	42.8%
	RURAL DEVELOPMENT	29.48		13.17	0.03	13.20	44.8%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)	0.00		0.00	0.00	0.00	
	ECONOMIC AND SOCIAL (INCLUDING STABEX)	4.04		1.03	0.00	1.03	25.5%
	GOVERNANCE	0.85		0.42	0.00	0.42	
	TOTAL RIP	37.26	G	15.71	0.18	15.89	42.6%
	TOTAL EDF						
	INFRASTRUCTURE	385.87		91.16	26.10	117.26	30.4%
	RURAL DEVELOPMENT	196.82		134.50	0.03	134.53	68.4%
	FOOD SECURITY (INCLUDING AID TO REFUGEES + EMERGENCY AID)	72.99		70.45	0.84	71.29	97.7%
	ECONOMIC AND SOCIAL (INCLUDING STABEX)	713.51		588.32	51.15	639.46	89.6%
	GOVERNANCE	2.93		0.42	0.08	0.50	17.0%
	TOTAL EDF	1,372.11		884.84	78.20	963.04	70.2%

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION**

**FINANCING AGREEMENTS
(figures in € million)**

	FINANCING SOURCE	1996	1997	1998	1999	2000	2001	2002	TOTAL
NATIONAL INDICATIVE PROGRAMME (N.I.P.)	8 th EDF			25.0	120.0	25.0	95.3	81.9	170.0
	7 th EDF	-5.9	72.6	82.4	0.5	-0.9	90.3	0.0	148.7
	6 th EDF	-0.1	0.0	0.0	-9.8	-6.4	0.0	0.0	-16.2
	5 th -4 th EDF	-1.2	1.1	-1.0	0.0	-0.3	0.0	0.0	-1.4
	<i>NIP - TOTAL</i>	-7.1	73.6	106.4	110.7	17.5	185.6	81.9	568.6
REGIONAL INDICATIVE PROGRAMME (R.I.P.)	8 th EDF				1.8	3.9	0.0	0.0	5.6
	7 th EDF	14.2	0.2	0.3	-1.5	-0.3	-0.1	-1.6	12.8
	6 th EDF	0.0	0.0	-0.1	0.0	0.0	0.0	0.0	-0.1
	5 th -4 th EDF								0.0
	<i>RIP - TOTAL</i>	14.2	0.2	0.2	0.2	3.5	-0.1	-1.6	16.6
<i>TOTAL NIP+RIP</i>		7.1	73.9	106.6	110.9	21.0	185.5	80.3	319.4
EDF NON - PROGRAMMABLE FUNDS	8 th EDF			74.4	0.0	4.9	-24.4	8.8	79.3
	7 th EDF	11.9	-7.5	0.0	0.0	0.0	-0.1	0.0	4.4
	6 th EDF	0.0	-1.9	0.0	-0.1	0.0	0.0	0.0	-2.0
	<i>TOTAL</i>	11.9	-9.4	74.4	-0.1	4.9	-24.5	8.8	66.0

N.B. Negative figures indicate decommitment of Funds
Delegation in Ethiopia

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION**

	FINANCING SOURCE	1996	1997	1998	1999	2000	2001	2002	TOTAL
EUROPEAN INVESTMENT BANK (E.I.B.)	8 th EDF			41.0	0.0	0.0	0.0	25.0	41.0
	7 th EDF	9.0	10.0	-1.3	-9.0	0.0	0.0	0.0	8.7
	6 th EDF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<i>EIB - TOTAL</i>	9.0	10.0	39.7	-9.0	0.0	0.0	25.0	49.7
TOTAL OF NON - PROGRAMMABLE FUNDS	8 th EDF	0.0	0.0	115.4	0.0	4.9	-24.4	33.8	120.3
	7 th EDF	20.9	2.5	-1.3	-9.0	0.0	-0.1	0.0	13.1
	6 th EDF	0.0	-1.9	0.0	-0.1	0.0	0.0	0.0	-2.0
	<i>TOTAL</i>	20.9	0.6	114.1	-9.1	4.9	-24.5	33.8	131.4
TOTAL OF EDF	8 th EDF	0.0	0.0	99.4	121.8	33.7	70.9	90.7	416.4
	7 th EDF	20.2	65.3	82.6	-1.0	-1.2	90.1	-1.6	254.4
	6 th EDF	-0.1	-1.9	-0.1	-9.8	-6.4	0.0	0.0	-18.3
	5 th - 4 th EDF	-1.2	1.1	-1.0	0.0	-0.3	0.0	0.0	-1.4
EDF's TOTAL		19.0	64.4	181.0	110.9	25.8	161.0	89.1	651.2
GRAND TOTALS	8 th EDF	0.0	0.0	140.4	121.8	33.7	70.9	115.7	295.9
	7 th EDF	29.2	75.3	81.3	-10.0	-1.2	90.1	-1.6	174.6
	6 th EDF	-0.1	-1.9	-0.1	-9.8	-6.4	0.0	0.0	-18.3
	5 th - 4 th EDF	-1.2	1.1	-1.0	0.0	-0.3	0.0	0.0	-1.4
COUNTRY'S TOTAL		28.0	74.4	220.7	101.9	25.8	161.0	114.1	725.9

N.B. Negative figures indicate decommitment of Funds

Delegation in Ethiopia

**CO-OPERATION BETWEEN
ETHIOPIA
AND THE EUROPEAN COMMISSION**

COMMITMENTS BY SECTOR

SECTOR	1996	1997	1998	1999	2000	2001	2002	TOTAL
INFRASTRUCTURE	0.5	62.7	105.9	122.0	24.0	16.6	47.1	378.8
RURAL DEVELOPMENT	13.0	2.9	-1.0	-6.5	-6.5	15.0	-1.6	15.3
AID TO REFUGEES + EMERGENCY AID	0.0	-0.4	0.0	0.0	0.0	-0.1	2.1	1.5
ECONOMIC AND SOCIAL (INCLUDING STABEX)	5.5	-0.8	76.1	-4.5	7.5	129.4	39.4	252.7
GOVERNANCE	0.0	0.0	0.0	0.0	0.9	0.0	2.1	2.9
<i>TOTAL</i>	19.0	64.4	181.0	110.9	25.8	161.0	89.1	651.2

**CO-OPERATION BETWEEN
ETHIOPIA AND THE EUROPEAN COMMISSION**

**DISBURSEMENTS
(figures in € million)**

	FINANCING SOURCE	1996	1997	1998	1999	2000	2001	2002	TOTAL
NATIONAL INDICATIVE PROGRAMME (N.I.P.)	8 th EDF				0.4	0.6	4.2	67.5	72.7
	7 th EDF	3.9	18.9	11.0	28.5	27.5	92.2	9.7	191.6
	6 th EDF	4.7	9.5	4.3	7.9	2.3	0.6	0.0	29.3
	5 th - 4 th EDF	0.8	0.3	1.1	0.3	0.0	0.0	0.0	2.6
	<i>NIP - TOTAL</i>	9.4	28.7	16.4	37.1	30.3	97.0	77.2	122.0
REGIONAL INDICATIVE PROGRAMME (R.I.P.)	8 th EDF						0.5	0.1	0.6
	7 th EDF	0.6	3.2	1.2	1.4	0.9	0.3	0.1	7.6
	6 th EDF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	<i>RIP - TOTAL</i>	0.6	3.2	1.2	1.4	0.9	0.7	0.2	8.2
<i>TOTAL NIP+RIP</i>		10.0	31.9	17.6	38.5	31.2	97.7	77.4	129.2
EDF NON - PROGRAMMABLE FUNDS	8 th EDF			50.0	0.0	0.0	0.0	0.8	50.0
	7 th EDF	15.2	-5.2	0.9	0.5	0.0	0.0	0.0	11.4
	6 th EDF	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
	<i>TOTAL</i>	15.2	-5.2	50.8	0.6	0.0	0.0	0.8	61.4

**CO-OPERATION BETWEEN
ETHIOPIA AND THE EUROPEAN COMMISSION**

	FINANCING SOURCE	1996	1997	1998	1999	2000	2001	2002	TOTAL
EUROPEAN INVESTMENT BANK (E.I.B.)									
	8 th EDF				11.5	3.8	6.2	19.5	41.0
	7 th EDF	0.7	1.2	7.1	9.7	1.1	3.2	7.4	30.3
	6 th EDF	0.0	0.5	0.5	0.0	2.2	1.3	0.0	4.5
	<i>TOTAL</i>	0.7	1.7	7.6	21.2	7.1	10.6	26.8	38.3
TOTAL OF NON - PROGRAMMABLE E FUNDS									0.0
	8 th EDF			50.0	11.5	3.8	6.2	20.3	65.3
	7 th EDF	16.0	-4.0	7.9	10.2	1.1	3.2	7.4	31.2
	6 th EDF	0.0	0.5	0.5	0.1	2.2	1.3	0.0	3.2
	<i>TOTAL</i>	16.0	-3.5	58.4	21.7	7.1	10.6	27.7	99.7
TOTAL OF EDF									
	8 th EDF	0.0	0.0	50.0	0.4	0.6	4.7	68.5	124.1
	7 th EDF	19.7	16.9	13.1	30.5	28.3	92.4	9.7	210.6
	6 th EDF	4.7	9.5	4.2	7.9	2.3	0.6	0.0	29.3
	5 th - 4 th EDF	0.8	0.3	1.1	0.3	0.0	0.0	0.0	2.6
EDF's TOTAL		25.2	26.7	68.5	39.1	31.2	97.8	78.2	366.6
GRAND TOTALS									
	8 th EDF	0.0	0.0	50.0	12.0	4.4	10.8	87.9	165.1
	7 th EDF	20.5	18.1	20.2	40.1	29.4	95.6	17.1	240.9
	6 th EDF	4.7	10.0	4.7	7.9	4.5	1.9	0.0	33.8
	5 th - 4 th EDF	0.8	0.3	1.1	0.3	0.0	0.0	0.0	2.6
COUNTRY'S TOTAL		26.0	28.4	76.0	60.3	38.3	108.4	105.0	442.4

**CO-OPERATION BETWEEN
ETHIOPIA AND THE EUROPEAN COMMISSION**

DISBURSEMENTS BY SECTOR

SECTOR	1996	1997	1998	1999	2000	2001	2002	TOTAL
INFRASTRUCTURE	0.8	5.6	10.1	28.3	27.3	17.2	26.1	115.4
RURAL DEVELOPMENT	5.6	14.5	6.4	5.8	3.0	1.1	0.0	36.5
AID TO REFUGEES + EMERGENCY AID	0.7	3.6	0.7	0.5	0.0	0.0	0.8	6.4
ECONOMIC AND SOCIAL (INCLUDING STABEX)	18.0	2.9	51.2	4.6	0.9	79.0	51.1	207.8
GOVERNANCE	0.0	0.0	0.0	0.0	0.0	0.4	0.1	0.5
<i>TOTAL</i>	25.2	26.7	68.5	39.1	31.2	97.8	78.2	366.7

PROSPECTIVE ANNEXES

	2003												2004				Link to NIP Sector *							
	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4								
NIP - 9th EDF:																								
PRBS-II						DFD				MC		FA	M96	Sol				Macro Economic						
Harar - Jijiga Road Rehabilitation														IP	DFD	MC	30	Roads						
Amhara Rural Roads														DFD	MC	10		Roads						
Mieso - Dire Dawa - Guellie Road																	IP	Roads						
Pastoralism Programme													IP		DFD	MC		Food Security						
Ombudsman's Office													DFD	MC	Sol			Governance/civil society						
Civil Society Fund												DFD	MC	10	Sol		Governance/civil society							
Leadership Development												DFD	MC	2	Sol		Governance/civil society							
Police support												DFD	MC	5	Sol		Governance/civil society							
Legal Sector													IP	DFD	MC	FA	Governance/civil society							
RIP - 8th EDF:																								
Djibouti-Ethiopian Railway Line				IP	DFD								MC	40			FA	Sol				Regional Integration		
RIP - 9th EDF																								
IGAD Conflict Prevention MR													DFD	MC	FA	16	Sol					Regional Integration		
All ACP 8th EDF																								
AU support			FA										12	Sol								Regional Integration		
Peace Building																		DFD		MC	FA	10	Sol	Regional Integration

IP = Submission of Identification Proposal
 DFD = Submission of Draft Financing Proposal to HQ
 MC = Management/EDF Committee
 M € = Planned Commitment Date (indicate also amount in M €)
 FA = Signature of Financing Agreement
 Sol = Start of implementation
 A project/programme should be deleted in the first report following the actual start of implementation

Project/Programmes should be included at the level of the individual commitments

Reference to the NIP from where the project is "financed" including "sector/component" of the NIP

	2003												2004					
	Jan	Feb	Mar	Apr	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4
EDF: 8.ACP.ET.004 Addis-Woldiya Road Rehabilitation																		
Lot 1: Re-design and Supervision										LT						3		
Lot 1: Works																		
Lot 3: Works									LT							35		
Lot 3: Supervision									LT							2.5		
EDF: 8.ACP.ET.005 & 022 Kombolcha-Mille Road Rehabilitation																		
Works								LT							40			
Supervision								LT								2.5		
EDF: 7.ACP.ET.109 & 8.ACP.ET.013 Lalibela Churches																		
Shelters for the churches/works									LT						5			
Shelters/supervision-local comp.												LT			0.1			
Conservation programme										LT						1.2		
EDF: 7.ACP.ET.101 & 8ACP.ET.011 Addis Ababa Water Supply Project																		
Works									LT						10			
Supervision (LT/direct agreement)															2			
EDF 8.ACP.ET.012 Coffee Improvement Programme																		
TA							LT							2				
EDF 7 ACP.RPR.744/ET.744 FITCA																		
vehicles								LT							0.5			
EDF 7.ACP.RPR.086/ET.086 PACE																		
vehicles								LT							1			

	2003												2004					
	Jan	Feb	Mar	Apr	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Q1	Q2	Q3	Q4
EDF 8 ACP TPS 162 AU peace/security/transition grant agreement								5				2						5
EDF 9 ACP ET Civil Society Fund TA/cfp for microprojects															LT	2	4	
EDF 9 ACP ET Leadership Development Grant Agreement															LT	2		
EDF 9 ACP ET Police Cooperation TA/equipment/buildings															LT	5		
EDF 9 ACP REG IGAD CPMR Grant Agreement															16			
EDF 8 ACP TPS Peace Building Workplan																	10	
EDF 8 ACP ET Ombudsman's Office Grant Agreement																2		
EDF 9 ACP ET Legal Sector Reform Grant Agreement/Workplan																		6

LT = Launch of tender
M € = Signature of contract

	2003												2004			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	I/IV	II/IV	III/IV	IV/IV
POLITICAL																
EDF: 6.ACP.ET.65																
<i>Police cooperation</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 6.ACP.ET.66																
<i>Leadership development</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 8.ACP.TPS.162																
<i>AU peace bldg and transition support</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	2.0	0.0	0.0	5.0
EDF: 7.ACP.RPR.700																
<i>AU support identification study</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 8.ACP.ROR.017																
<i>OAU Liaison Mission to Ethiopia and Eritrea</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 9.ACP.ET.xxx (subject to approval)																
<i>Non-State Actors Mapping study</i>									0.015	0.015	0.050					
<i>Civil Society Fund</i>														2.0	4.0	
<i>Leadership development for municipalities</i>														2.0		
<i>Police cooperation</i>														5.0		0.0
<i>Support to Ombudsman's Office/Human Rights Commission</i>														2.0		2.0
<i>Peace Building</i>															10.0	
<i>IGAD CPMR project</i>														8.0		
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	19.0	14.0	2.0
POLITICAL: FORECAST OF MONTHLY PAYMENTS	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.1	5.1	0.1	0.0	0.0	2.0	19.0	14.0	7.0
POLITICAL: ROLLING FORECAST OF PAYMENTS	0.0	0.0	0.0	0.0	0.0	0.1	0.5	0.6	5.7	5.7	5.7	5.7	7.7	26.7	40.7	47.7

	2003												2004				
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	I/IV	II/IV	III/IV	IV/IV	
ECONOMIC, SOCIAL AND INSTITUTIONAL																	
9 ACP ET ?? PRBS-II (subject to approval)												30.0		15.0		15.0	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	30.0	0.0	15.0	0.0	15.0	
8 ACP ET 023 IFMS																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	
8 ACP 16 PRBS-I																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5	0.0	10.5	0.1	0.0	0.0	0.0	0.0	0.0	
8 ACP ET 009																	
Support to Education Sector Development																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
7 ACP ET 107 MSED																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.8	0.0	0.0	0.8	0.0	0.0	0.0	
7 ACP ET 110 Capacity building NBE																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	
7 ACP ET 090																	
Higher Education Development Support																	
Payment forecast (M €)	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
7 ACP ET 035																	
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
7 ACP ET 35-16 IFMS																	
TA to revisit tender documents								0.6									
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ECONOMIC, SOCIAL, AND INSTITUTIONAL: FORECAST OF MONTHLY PAYMENTS	0.0	0.0	0.0	0.0	0.0	0.1	0.0	1.3	0.0	11.6	0.1	30.2	0.8	15.0	0.2	15.0	
ECONOMIC, SOCIAL, AND INSTITUTIONAL: ROLLING FORECAST OF PAYMENTS	0.0	0.0	0.0	0.0	0.0	0.1	0.2	1.4	1.4	13.0	13.1	43.3	44.0	59.0	59.2	74.2	

	2003												2004			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	I/IV	II/IV	III/IV	IV/IV
INFRASTRUCTURES																
EDF: 7.ACP.ET.093 & 094																
<i>Addis Ababa - Modjo - Awassa Road Rehab. Project</i>																
Payment forecast (M €)	0.0	0.1	0.1	0.0	0.0	0.1	0.0	0.1	2.0	0.2	2.5	0.1	0.1	0.1	0.0	0.1
EDF: 7.ACP.ET.099 & 8.ACP.ET.003																
<i>Addis Ababa - Jima Road Rehabilitation</i>																
Payment forecast (M €)	0.0	0.4	1.1	1.5	0.1	1.3	1.2	1.1	1.1	10.1	1.3	1.6	4.3	6.3	6.3	4.3
EDF: 8.ACP.ET.004																
<i>Addis Ababa - Dessie - Woldiya Road Rehab. Proj.</i>																
Payment forecast (M €)	0.3	3.7	0.3	0.7	1.0	0.7	1.8	1.3	1.2	1.1	0.0	0.1	0.1	0.1	10.6	1.4
EDF: 8.ACP.ET.005 & 8.ACP.ET.022																
<i>Kombolcha - Mille Road Rehabilitation Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.5	2.1
EDF: 7.ET.089																
<i>Road Sector Development Programme Project</i>																
Payment forecast (M €)	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0
EDF: 8.ACP.ET.015																
<i>Harar - Jijiga Road Rehabilitation Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.3	0.0	0.1
EDF: 8.ACP.ET.111																
<i>Arba Minch - Jinka & Gondar - Humera Road Rehabilitation Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1	0.0	0.1	0.1	0.0
EDF: subject to approval																
<i>Mieso - Dire Dawa - Guelile Road Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.6
EDF: 7.ACP.ET.100 & 101 & 8.ACP.ET.011																
<i>Addis Ababa Water Supply Project</i>																
<i>Addis Ababa Water Sanitation Project (7.ET. 104)</i>																
Payment forecast (M €)	0.0	0.1	0.0	1.5	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	2.5	1.2
EDF: 7.ACP.ET.84 & 105 & 106																
<i>Cultural projects - Prepration of Lalibela Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 7.ACP.ET.109 & 8.ACP.ET.013																
<i>Lalibela Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	1.6	0.7
EDF: 8.ACP.ROR.004																
<i>CDE Policy Support Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.0	0.0	0.0	0.3	0.0	0.0	0.1	0.1
INFRASTRUCTURES FORECAST OF MONTHLY PAYMENTS	0.3	4.2	1.5	3.7	1.1	2.1	3.1	2.9	5.0	11.4	3.8	2.1	4.6	7.5	33.6	10.6
INFRASTRUCTURES ROLLING FORECAST OF PAYMENTS	0.3	4.5	6.0	9.7	10.9	12.9	16.1	19.0	24.0	35.4	39.3	41.4	46.0	53.5	87.1	97.7

	2003												2004			
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	I/IV	II/IV	III/IV	IV/IV
RURAL DEVELOPMENT AND FOOD SECURITY EDF: 7.ACP.ET.086 <i>FITCA</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EDF: 8.ACP.ET.012 <i>Coffee Improvement Project</i>																
Payment forecast (M €)	0.0	0.0	0.0	0.0	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RURAL DEVELOPMENT & FOOD SECURITY: FORECAST OF MONTHLY PAYMENTS	0.0	0.0	0.0	0.1	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RURAL DEVELOPMENT & FOOD SECURITY: ROLLING FORECAST OF PAYMENTS	0.0	0.0	0.0	0.1	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
DELEGATION TOTAL: FORECAST OF MONTHLY PAYMENTS (M €)	0.3	4.2	1.5	3.8	2.5	2.2	3.7	4.2	10.1	23.0	4.0	32.3	7.4	41.5	47.8	32.6
DELEGATION TOTAL: ROLLING FORECAST OF PAYMENTS (M €)	0.3	4.5	6.0	9.8	12.3	14.5	18.1	22.3	32.5	55.5	59.4	91.8	7.4	48.9	96.7	129.2