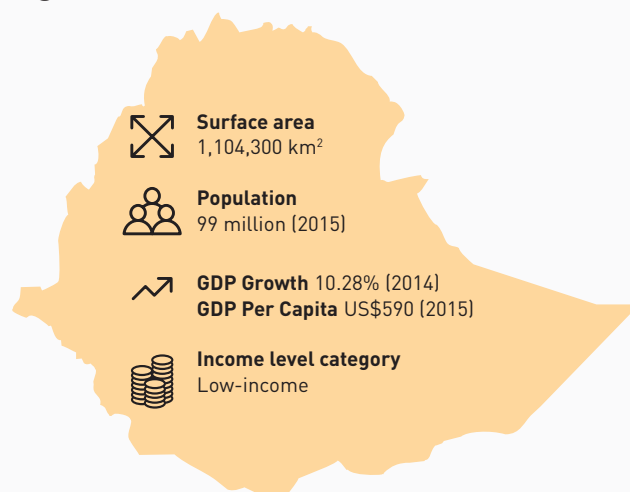




## 1. Country Context

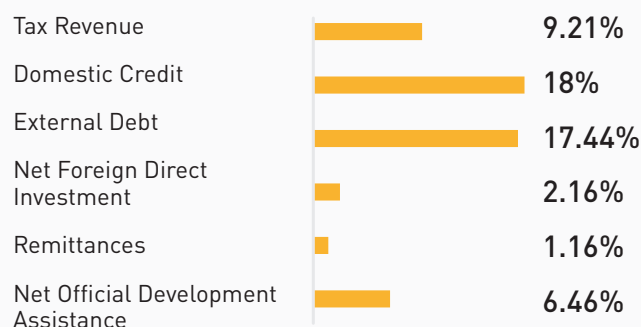
As one of the world's oldest civilizations and Africa's second most populous country, Ethiopia has seen rapid and broad-based economic growth and major progress across a range of human development indicators. Its GDP was at US\$61.5 billion in 2015. The country stands as a low-income country, with an estimated poverty headcount of 23.4% of the population in 2015. Ethiopia's HDI increased significantly from 0.250 in 2000 to 0.435 in 2014. In 2014, Ethiopia received US\$3.6 billion in net ODA. While the overall volume of official development finance is significant, official development finance of US\$37 per capita remains below the sub-Saharan average of US\$45 per capita. The largest partners are the World Bank's IDA, the United States, the United Kingdom, the European Union and the African Development Bank. Ethiopia also receives grants and financing from other sources, including from non-DAC partners such as China, India and philanthropic organizations. External resources finance 19% of the federal budget. Non-ODA sources such as remittances, FDI and export credits are increasing and surpass ODA (e.g., remittances were US\$3.7 billion in 2015).

### Quick Facts

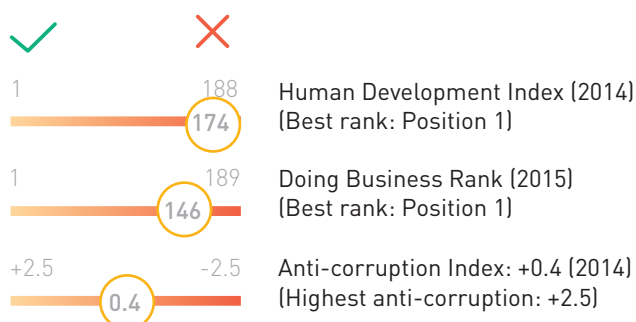
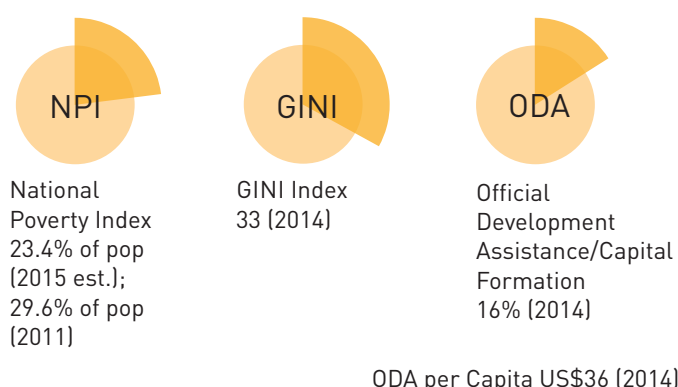


### Inflows (% Gross Domestic Product)

LATEST YEAR AVAILABLE



### Key Development Indices:



### Key Development Challenges

Ethiopia has halved poverty over the past decade and achieved social gains across sectors. Ultimately, poverty eradication remains an overarching development challenge and a national priority. Ethiopia has one of the lowest inequality rates, yet disparities among regions persist. The country is subject to increased vulnerability to climate change. It is one of the countries with the highest lack of adaptive capacities worldwide (World Risk Report, 2014). Future transformation is aimed at moving from an economy based on agriculture to one based on industry and light manufacturing. Private sector development is nascent. Ethiopia is vulnerable to regional challenges due to the volatile security situation in the Horn of Africa.

## 2. Efforts to Implement the Effectiveness Principles

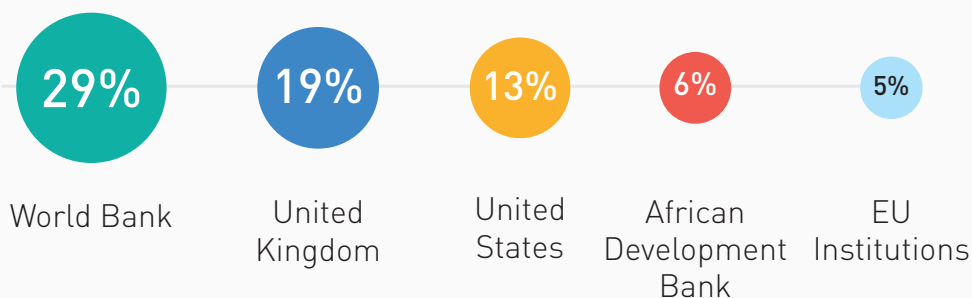
### A. Policies and Tools for Partners' Alignment

Ethiopia is strategically planning for the Sustainable Development Goals. The current development plan – Growth and Transformation Plan – fully integrates all three dimensions of the SDGs. The Plan aims for structural transformation and becoming a carbon-neutral middle-income

country by 2025. Aid is aligned towards making contribution to the Plan and achievement of SDGs. Thus, aid supports economic growth, poverty reduction and inclusive development. Together with the government, the Development Assistance Group brings together development

partners and the national authorities, fosters and catalyses policy dialogue and coordinates and harmonizes aid with the government's preparation, implementation, monitoring and evaluation of the national development plan and the MDGs.

#### Major Development Partners of this Round (by Reported Disbursements)



**Participation in 2014 Monitoring**



**Existence of a National Co-operation Policy**

### B. Governance and Management of Development Finance and Co-operation

The lead government policymaker in development co-operation is the Ministry of Finance and Economic Co-operation. The Ministry works with the Development Assistance Group (DAG), comprising 29 development agencies in the country, to share and exchange information to foster meaningful dialogue with partners. It hosts the Aid Information Management System. The development co-operation architecture includes the High-level Forum (HLF) between the government and development partners, chaired by the Minister of Finance, overseeing policy coordination and harmonization; and the Effective Development Co-operation task force, which follows up on actions of the HLF and oversees sector working

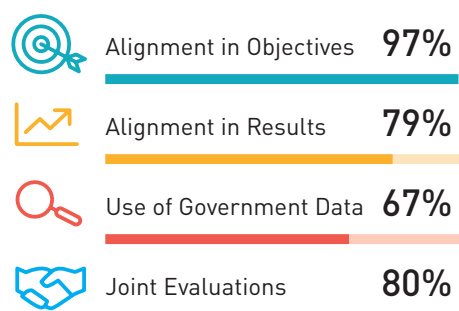
groups, the aid effectiveness action plan and post-Busan monitoring efforts. The DAG structure includes the DAG Heads of Agency, the Executive Committee and sector working groups. Ethiopia has been an active participant in Global Partnership monitoring. The providers' objective of assistance is drawn from government results framework/s or other planning documents, including the national development plan, joint donor government strategies and sectoral strategies. Ethiopia has not yet signed up for IATI. South-South co-operation plays a growing role in Ethiopia's unprecedented success and will continue to play an important role in the country's future development endeavours.

## 3. Country Ownership

### Indicator 1: Partners' Alignment and Use of Country-Led Results Frameworks

The partners' objective of assistance is drawn from government results frameworks, including the national development plan, joint donor government strategies and sectoral strategies. Increasingly, the government participates in carrying out final evaluations, including in defining the evaluation scope. The share of new interventions that draw their objectives

from government-led results frameworks is 97%. The share of results that draw on government-led results frameworks is 79%. The share of results indicators that rely on data provided by country-led monitoring systems is 67%. The share of interventions that plan evaluations supported by the government is 80%.

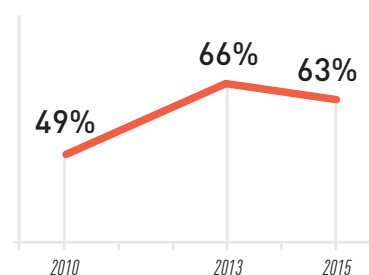


## Indicator 6. Development Co-operation is on Budget (Subject to Parliamentary Scrutiny)

Sixty-three percent (2016) of official development finance is recorded in the government's annual budget. This is a slight decline compared with the previous monitoring round (2013-2014), where 66% of official development finance was

recorded in the government's annual budget. There is wide variation among DPs, where an increasing number of partners' ODA features on the budget approved by Ethiopia's Parliament.

Percentage on Budget



## Indicators 9 and 10. Use of Country Systems

The overall use of country public financial management and procurement systems has declined. Ethiopia has not shown any progress and even registers an overall decrease in the four elements measured by this indicator: national budget execution; financial reporting; national audits; and use of national

procurement systems. An average of 45% of total ODA used the country's PFM and procurement systems compared to 66% in 2010 and 51% in 2013-14. The 45% total use of country systems represents an average of the four elements listed above. The quality of the country's public financial management systems is based

on the World Bank's Country Policy and Institutional Assessments (CPIA) Criteria 13 (Quality of Budgetary and Financial Management). Ethiopia has improved its CPIA score from 3.5 in 2010 to 4 in 2014 (on a scale of 1-low to 6-high).

	Budget (ideal: 100%)	Financial Reporting (ideal: 100%)	Auditing (ideal: 100%)	Procurement (ideal: 100%)	CPIA* (maximum: 6)	Untying (ideal: 100%)
INDICATOR 9B.	25% ▼	42% ▼	76% ▲	33% ▲		
INDICATORS 9A & 10.					4 ▲	74% ▼

\* Country Policy and Institutional Assessment

## 4. Inclusive Partnerships for Development

### Indicators 2 and 3. Fostering Inclusive Partnerships for Development

Ethiopia has put in place platforms and hubs for inclusive and structured multi-stakeholder dialogue on a broad range of public-private partnerships, including trade unions and civil society

organizations. The participation of the private sector in the economy is growing and will increase to accelerate economic growth of the country. Development of national plans and policies are

increasingly consultative with citizens at all levels through various consultative forums.

### Indicator 8. Gender Empowerment

Ethiopia has a system for tracking allocations for gender equality and women's empowerment. Allocations for gender equality and women's

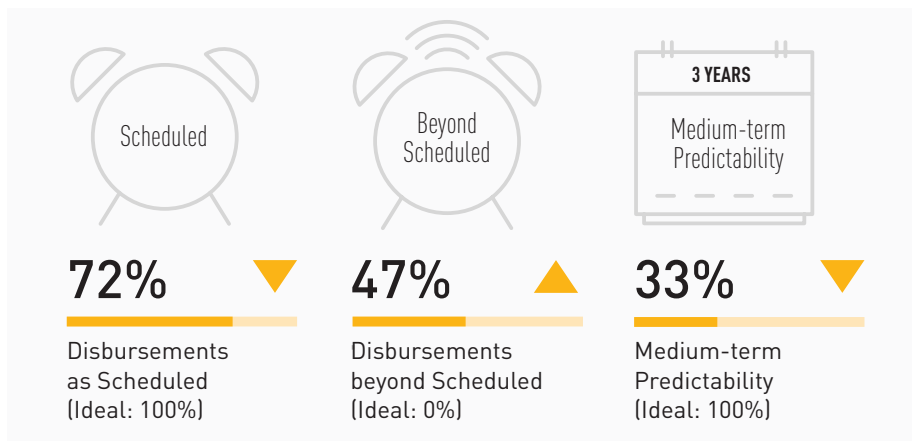
empowerment are systematically tracked. There is leadership and oversight of the tracking system by the central government unit in charge of

public expenditures. However, budget information focused on gender equality is not publicly available.

## 5. Transparency and Accountability

### Indicator 5. Development Co-operation is More Predictable

Annual predictability results are in decline, with 72% of funds disbursed as planned in 2016, compared to 89% of funds disbursed as planned in 2013-14 and 88% in 2010. Seventeen partners disbursed 100% of what was scheduled for disbursement, while others had rates ranging from 32% to 87%. In Ethiopia, medium-term predictability for the next three years has declined to 33% (2016), compared to 85% in 2013-14. The change in mid-term predictability could be attributed to change in the sourcing of data for this indicator.



### Indicator 7. Mutual Accountability

Ethiopia meets the requirement on mutual accountability by having country-level targets, assessments toward targets, the involvement of non-executive stakeholders and public results. But it has no aid policy or partnership policy defining the

country's development co-operation priorities. Nevertheless, development partners and government have agreed on an aid effectiveness action plan with clear indicators to measure progress. CSOs are involved through participation in ad hoc

sector working group meetings. There is assessment of achievement of targets undertaken jointly by government and development partners.

## National Priorities Going Forward

“

Development co-operation has played a key role in the unprecedented development Ethiopia has achieved over the past decades. Ethiopia's official development finance per capita at US\$37 in 2014 remains below the sub-Saharan average of US\$45, although its contribution has been significant. The government and its partners have effectively managed development co-operation initiatives to deliver results. Ethiopia has been an active supporter of and participant in the Global Partnership and its monitoring exercises. Global Partnership data from 2013 and 2016 have shown that significant progress in alignment, country ownership and mutual accountability. Official development finance predictability and use of country systems feature as key areas for progress for the effectiveness of official development finance, with an increasing recognition that progress requires collective effort from the government and its partners. Accordingly, these areas are currently featured as the priority areas in the country's official development finance effectiveness action plan. In an era of high global ambition and competing priorities, collective efforts to strengthen effectiveness of development co-operation remain key to drive post-2015 achievements.

”

Government of Ethiopia

**Disclaimer** This document was prepared based on data collected from voluntary reporting to the Second Monitoring Round of the Global Partnership for Effective Development Co-operation and, for Country Context, other open source information available online. The views presented cannot be used or cited as an official UNDP source of information.

For ease of reference, the term 'country' is used to refer to participating countries and territories that reported to the Second Monitoring Round. Participation in this process and mention of any participant in this document is without prejudice to the status or international recognition of a given country or territory.