



**Executive Board of the
United Nations Development
Programme and of the
United Nations Population Fund**

Distr.: General
8 April 2002

Original: English

Annual session 2002

17-28 June 2002, Geneva

Item 13 of the provisional agenda

Country cooperation frameworks and related matters

Second Country Cooperation Framework for Ethiopia (2202-2006)*

Contents

	<i>Paragraphs</i>	<i>Page</i>
Introduction	1	2
I. Development situation from a sustainable human development perspective.	2-5	2
II. Results and lessons of past cooperation.	6-10	3
III. Objectives and strategy.	11-41	4
A. Good governance.	18-26	5
B. Special pro-poor initiatives.	27-36	6
C. Sustainable environmental management and water resources development.	37-41	8
IV. Management arrangements.	42-50	9
Annex		
Resource mobilization target table for Ethiopia (2202-2006)		11

* The collection and analysis of current data required to present the Executive Board with the most up-to-date information has delayed submission of the present document.

INTRODUCTION

1. The second country co-operation framework (2002-2006) has been developed in collaboration with the Ministry of Finance and Economic Development. It is synchronized with the programming cycles of United Nations Children's Fund (UNICEF), United Nations Population Fund (UNFPA) and World Food Programme (WFP). It is based on national plans and priorities articulated in official government documents (the *Second Five-year Programme on Development, Peace and Democracy*, the *Interim Poverty Reduction Strategy Paper* and the *Public Expenditure Reports* (PERs)). The programme areas identified in the CCF are linked to the strategic objectives of the United Nations Development Assistance Framework (UNDAF) for 2002-2004. The choice of programme areas has been informed by the findings of the CCF 2001 Evaluation of the first CCF which included extensive dialogue with key partners in the Government, non-governmental organizations (NGOs) and the donor community. It conforms to UNDP corporate priorities and incorporates lessons learned from the first CCF1 and previous.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

2. Ethiopia has some of the worst poverty-related indicators even in sub-Saharan Africa. According to the *Human Development Report 2001*, it is ranked 158 out of 162 countries, with a human development index (HDI) of 0.321 compared to an HDI of 0.467 for sub-Saharan Africa. The per capita gross domestic product GDP is estimated at about \$110. Of the total population, 44.2 per cent live under the poverty line. Only 15 percent use adequate sanitation facilities and 24 per cent have access to safe drinking water. A high infant mortality rate of 118 per 1,000 live births and a gross primary school enrolment rate of 45.8 percent are a few indicators of the social and economic conditions of the citizens. Gender disaggregated statistics paint a grimmer picture of the conditions of women. The manifestations of poverty include recurring food shortages caused by lacklustre agricultural performance, serious environmental degradation due to mismanagement of natural resources over generations and recurrent emergency situations caused by natural disaster and conflict. Ethiopia also ranks third in the world in terms of the number of people affected by HIV/AIDS. A high

population growth rate coupled with a very low national capacity to respond to these forms of socio-economic malaise complicate Ethiopia's development challenges. Recognizing that the key to socio-economic development and poverty reduction is good governance, the Government has given the highest priority to governance issues. Environmental management, which addresses environmental degradation, and the efficient utilization of national resources are among the most critical factors in food security and rural poverty. Issues relating to the efficient and effective use of capacity have been highlighted as the most significant constraint to the country's absorptive capacity and economic development. The HIV/AIDS is draining the country's skilled manpower resources and adversely impacting productivity. The three core areas of UNDP intervention of the second CCF (good governance, special initiatives for improved livelihoods, and sustainable environmental management and water resources development) have therefore been selected to provide a strategic contribution to addressing the country's most critical challenges to development and poverty reduction.

3. Since 1992, the Government has been carrying out measures to reduce poverty in the context of a series of reform programmes in the political, economic and social spheres. In response to the reforms, the economy displayed marked levels of growth, reversing the previous two decades of poor economic performance. It registered a steady GDP growth hovering between around 3.2 per cent during the first two years of reform and an exceptional 10.6 per cent in 1995-1996, and a further growth of 6.5 per cent in 1996-97. These economic records were accompanied by modest growth in the provision of social services. School enrolment rates increased from around 37 per cent and 10-12 per cent for primary and secondary education in the 1980s to 67 per cent and 13 per cent respectively in 2000. Currently, about 51 per cent of the population has access to basic health services as compared to less than 40 per cent in the 1980s. These reform measures were underpinned by an ambitious democratization and decentralization programme with the goal of transferring administrative, financial and management responsibilities to the *kebele* (i.e. district) and community levels.

4. Conflict with neighbouring Eritrea from May 1998 to June 2000 caused a decline in GDP of 5.6 per cent in 1998-1999 and 1999-2000. Nevertheless, the

general growth trend since has been positive. The government has completed what is known as the “first generation” of adjustment measures and on that basis had articulated an interim poverty reduction strategy. Dialogue among various stakeholders within public, private and civil society organizations is under way with a view to formulating a Poverty Reduction Strategy Paper (PRSP) by March 2002. The PRSP will also serve as a basis for concessional lending and debt relief under the enhanced Highly Indebted Poor Countries (HIPC) initiative. In the PRSP, the Government has reaffirmed that the “reduction of poverty will continue to be the core of the agenda of the country’s development”. Establishing the nexus between policies and programmes on one hand and poverty on the other, the Government has identified four strategies to reduce poverty: (a) agricultural development-led industrialization (ADLI); (b) judiciary and civil service reform; (c) decentralization and empowerment; and (d) capacity-building of the public and private sectors.

5. Within the context of the foregoing objectives and strategies, the Government set forth, in May 2001, concrete poverty-related targets for 2010 that can help Ethiopia towards the fulfilling the Millennium Development Goals (MDGs). Major targets are to: increase real GDP growth from 5.3 per cent in 2000 to 7.6 per cent; reduce the extreme poverty from 45.5 per cent to 27.2 per cent; to increase gross primary enrolment ratio from 45.8 per cent to 84 per cent; reduce the gender gap in primary education from 37.8 per cent (female to male student ratio) to 78%; to increase the access to safe water from 30 per cent to 70 per cent; to reduce the under-five mortality rate from 167 per 1000 live births to 63 per 1000 live births, and to reduce the maternal mortality ratio from 705 per 100,000 live births to 380 per 100,000 live births, and halting and beginning to reverse the spread of HIV/AIDS and the incidence of malaria and other major diseases.

II. RESULTS AND LESSONS OF PAST COOPERATION

6. The first CCF concentrated on (a) capacity development for public policy management; (b) support to the education and health sector development programmes (SDPs), (c) water resources development and utilization; and, (d) agricultural development. UNDP support to the establishment of the Human Rights Commission and the Office of the Ombudsman, training of Members of Parliament and the launch of the study on corruption have made notable contributions to the strengthening of core governance.

The civil service reform programme (to which UNDP, with other partners, is providing support) has generated improved and prompt service offered to the public in key public service institutions. The numerous forums on the code of ethics and the related attitudinal changes that are gradually taking root in the general governance area and society at large are also noteworthy. The introduction of international best practices in the transfer of technology can be illustrated by the outstanding performance of the upgraded automated customs data system that has improved revenue collection, facilitated international trade and customs operations.

7. UNDP support to education and health sector development programmes, has unlocked the opportunity for collaboration among the Government, UNDP and other partners in implementing major sectoral programmes. As indicated in the mid-term reviews of the SDPs, implementation can further be hastened by alleviating weaknesses in capacity for management of the programmes, including the coordination of different sources of funding, procurement, financial reporting, and harmonizing donor procedures and disbursement of funds.

8. An important lesson learned in the first CCF 1 was the need to seek opportunities for moving some key activities upstream, particularly from the successful water resources development and utilization programme. The formulation, adoption and proclamation of relevant water policies, strategies, codes for water utilization, the drafting of the 15-year water sector development programme, strengthening institutional capacity for policy implementation are notable achievements. The programme has also demonstrated its pro-poor stance by supporting direct contact with poor communities through community-based water resources management to enable them to participate in its implementation and ultimately empower them. Similarly, the agricultural development programme has registered successes in both policy formulation and direct support to the agricultural development initiatives of the Government. In particular, the programme has been instrumental in institutionalizing participatory methods of action-oriented research to improve the production and utilization of crops and livestock.

9. The Government and UNDP have summed up these specific assessments to draw important lessons across the programme areas that should inform and blend into the second CCF. The lessons concern the application of capacity building, focus of programmes, the pro-poor stance of interventions, national execution

and partnership. The first CCF also contributed towards fostering community participation, the transfer of technologies and forging valuable cooperation in sharing information with partners (government, civil society, the private sector and NGOs). While these palpable achievements will be broadened under the second CCF, important lessons that will refocus and sharpen the application of interventions under have also been drawn.

10. National execution had been instrumental in building capacity and promoting national ownership of UNDP programmes. The first CCF has shown that the application of national execution should be flexible if it is to achieve the intended purposes of ensuring full national participation and accelerating implementation. On the part of UNDP, while there is a push for a greater role of national partners in execution and implementation, the need for full accountability for UNDP resources must be respected. The modality also needs further refining to enhance participation of all national partners, with increased delegation of responsibility to lower administrative levels in the regions, including civil society.

III. OBJECTIVES AND STRATEGY

11. Consistent with the emerging PRSP and the government's four pillars of intervention contained in its second five-year plan, the overarching goal of the UNDAF is *to contribute to reducing absolute poverty in Ethiopia*. Six strategic areas are identified in the UNDAF for the period 2002 to 2004: sustained economic growth; productive employment; food security and sustainable agricultural development; access to basic social services, good governance and HIV/AIDS). Against this framework, the second CCF focuses on three areas of priorities: (a) good governance (b) special pro-poor initiatives; and (c) sustainable environmental management and water resources development. The specific subprogrammes to be included under these three broad areas are specified on pages in paragraph 18 to 41.

12. The development of the second CCF has been guided by the following principles: (a) Maximization of results and impact, measured against a baseline and quantifiable targets for contributing to national and millennium development goals; focused and linked interventions within and across programmes; systematic operational linkages with appropriate areas of support under the UNDP second regional framework; and incorporation of cross-cutting issues of gender, HIV/AIDS, ICT and youth in design and implementation. (b) Utilization of CCF funds as

catalytic resources to bring about maximum positive change through advocacy work and policy-level interventions (PRSP, UNDAF, sector programmes, capacity development, ICT policies, etc.), through community-level interventions; development of strategic partnerships, including those with civil society and the private sector; and the application of a resource mobilization strategy that accepts as a working base the commitment of the UNDP country office in Ethiopia to mobilize at least one dollar for every dollar of target for resource assignment from the core (TRAC) funds; (c) systematic utilization of cutting-edge technology, in particular ICT, allowing for quantum jumps in the development process; (d) widened application of capacity-development measures that are both time bound and specific to programme outputs and also provide for changes in processes and institutions that strengthen development efforts nationally.

13. The above programme principles will be underpinned by implementation arrangements, that fully reflect the principles of results based management and include the flexible application of the national execution modality as the primary mode of delivery.

14. The three programme areas are closely linked and reinforce each other. Good governance – including the rule of law, effective institutions, transparency and accountability in the management of public affairs, respect for human right and participation of all citizens in the decisions that affect their lives – is an essential prerequisite for human development and poverty reduction. Specific interventions towards poverty reduction should improve security of the poor from natural and man-made disasters and equip them with opportunities to manage the related risks (food insecurity, exposure to HIV/AIDS and limited access to social services). Interventions for enhanced environmental management and sustainable utilization of resources cushion the poor from further environmental degradation, the most critical factor in Ethiopia's position as a country with severe food insecurity. Adequate water supplies for both cultivation and human and livestock consumption ensure the poor an improved and stable livelihood.

15. As a point of departure from earlier programmes, in addition to the capacity-development efforts, which are inherent in each of the programmes, a subprogramme on national capacity building is proposed. The proposed interventions will support the efforts of the newly established Ministry for capacity development to steer the national agenda, policy and institutional reform on Capacity Development in Ethiopia. The support will enable the Ministry to

oversee the development of a national capacity-building framework that will ensure that partners from outside the government (the private sector, civil society, community-based organizations CBOs and NGOs) participate fully in the development activities in Ethiopia.

16 HIV/AIDS and ICT will constitute separate components of programmes under the pro-poor initiatives while also being mainstreamed in all CCF programmes. UNDP will focus on helping to develop a multisectoral response to fighting HIV/AIDS. All programmes will ensure that the impact of HIV/AIDS on activities undertaken and the impact of sector activities on the spread of HIV/AIDS in the communities are understood and planned for and that preventative and mitigating actions are developed. UNDP will promote and support the use of ICT for development. ICT will be used as an efficient tool for enhanced management, planning and delivery of programmes. It will be instrumental in providing connectivity among the federal, regional and local government officials, support the maintenance of databases, the analysis of data and dissemination of information to all stakeholders under the various programmes. Gender parity and youth issues will be mainstreamed into the programmes. UNDP will focus on advocacy that increases the level of political commitment to promoting gender equity and youth issues at federal, regional and local levels. In addition to the economic empowerment of women, affirmative actions will be applied, where appropriate, to ensure that targeted assistance is provided to selected women and youth organizations to strengthen their capacity to manage their lives. The higher incidence of poverty and unemployment/underemployment among women and youth necessitate special consideration for these groups. Methodologies and tools for gender-mainstreaming will be systematically applied in programme design, implementation and evaluation, ensuring a differentiated policy and programmatic response to meet the specific requirements of men, women and youth. Specific targeting of youth and enhancing their participation in all dimensions of nation-building will be addressed through support for the formulation of a national youth development policy and associated implementation strategies as well as specific support in all the CCF programmes.

17. Strengthened and systematic collaboration with international development partners will support the overall development and implementation of CCF programmes. The current cooperation with the Development for International Development (DFID) of the United Kingdom, Ireland Aid, the United States

Agency for International Development (USAID), the European Union in the areas of civil service reform, food security and SDPs is expected to continue in the second CCF. UNDP will work together with European Union, Ireland, Finland, The African Development Bank, the World Bank and others in private-sector development, including micro-finance. In the area of democratic governance, the key partners will continue to be USAID, Austria, Canada, Ireland, Italy, Netherlands, Norway, Spain and Sweden. The United Kingdom and the United States co-operation is expected mainly in the areas of HIV/AIDS and it is hoped, ICT. France, Germany, Ireland, Japan and the Netherlands have shown interest in collaborating in the environment-related programme. UNDP will collaborate strongly with UN organizations in the implementation of UNDAF in the six thematic areas. In addition, UN organizations will provide technical guidance in the design, formulation and implementation of selected policies and programmes at the request of the Government.

A. Programme area 1: good governance

18. In the second CCF support will continue to the comprehensive transformation of the governance systems to adopt, remold and advance the new democratic culture as the country steadily moves from years of a closed, centralized system of governance to one that is open, democratic and decentralized. In view of the sensitive situation in the region, special attention will be given conflict prevention, peace-building and conflict management. The programme will focus on addressing two strategic goals as noted below.

Goal 1.1: Strengthened capacity of key governance institutions

19. Support to parliament and reform of the justice. The democratization process will focus on strengthening the parliamentary and electoral systems. The programme will widen its focus to include strengthening of the regional assemblies while simultaneously deepening the reform process at the federal level, including operationalization of the Ombudsman's Panel and the Human Rights Commission set up under the first CCF. Support for reforming and strengthening the judicial and legal systems is a new element of the second CCF governance programme.

20. *Expected results.* The proposed results include the formulation of a comprehensive programme for the reform of the justice sector. The programme will strengthen the judicial system to able

it to uphold and enforce the rule of law; maintain the independence of the judiciary; ensure a transparent participatory judicial and law-making process; and establish rights-based working conditions. The strengthening of the parliaments at both federal and regional levels to enhance their legislative and oversight functions. The programme will also promote civic education on issues relating to women's and children's rights and improved access to justice, particularly for women.

Goal I.2: An efficient and accountable public sector

21. *Civil service reform and decentralization.* On the basis of the systems and policies put in place during the first CCF, it is expected that key elements of the civil service reform programme will be implemented at both the federal and the regional levels. An important focus will be the operationalization of the human resources component, which will guide the overall management of the change process in the civil service. Capacity-building at the *woreda* and *kebele* levels (i.e. regional and district-level institutions) will build on the civil service reform programme and go beyond strengthening the regional bodies to develop systematically the capacities of the communities and local groups to participate in the development and management of local plans and resources. This is in direct response to the recent decision of the government to devolve financial budgeting and planning responsibilities to the community levels.

22. *Expected results.* The intended results include improved efficiency, effectiveness and transparency in the civil service as well as improved service delivery in the civil service in terms of quality, timeliness, code of conduct, and standards. Also targeted: increased women's participation in decision making in the civil service from the current 2 percent to 7 percent and improved capacities of key institutions of central, regional and local governments and of communities engaged in planning, budgeting, disbursement and accounting to meet the statutory reporting requirements of the legislative body and external lending and donor institutions.

23. *Public/private sector programme.* The public-private partnership programme is intended to build a forum for systematic dialogue and policy exchange between the Government and the private sector as a basis for ushering in an environment for increased private-sector investment and involvement in the development process in Ethiopia. A new tax reform programme will complement the ongoing efforts of the

International Monetary Fund (IMF) and the World Bank in this area.

24. *Expected results.* The expected results include the building of strategic alliance for the development of the private sector. A formal framework for public-private sector dialogue will be established and the development of a gender-balanced class of business leaders and businesspersons fostered. Major policy reforms will facilitate private investment. The results will also include revised tax policies and practices and increased government revenue from taxes.

25. *National capacity development.* Capacity development is increasingly seen as a means and an end for sustainable human development. For Ethiopia, issues relating to the efficient and effective use of capacity have been highlighted as the most significant constraint to the country's absorptive capacity and economic growth. The Government has formulated a national capacity building strategy that places national capacity-building in the forefront of development efforts. UNDP support will be directed at strengthening the Ministry of Capacity Building to formulate and revise the national capacity-development framework, policies and strategies on Youth, NGOs/CBOs and to build on partnerships with the Public/Private sectors. UNDP will contribute to strengthen the government to fashion a more institutional, legal and regulatory framework in which CBOs, Civil Society Organizations (CSOs) and NGOs can operate, and support the capacity-building efforts of the entities themselves

26. *Expected results.* The interventions in this programme area will create an enabling policy environment that will facilitate full and effective participation of all national partners in the development process. Strengthened national capacity-building focal points will be established to coordinate the development of a national capacity framework. A comprehensive youth development policy will be developed to facilitate the systematic participation of youth in the development processes. Targeted programmes will be developed to reduce youth delinquency, unemployment, and drug-abuse. Ensure stronger participation and contribution by CSOs and NGOs to tackle development.

B. Programme area 2: Special pro-poor initiatives

27. UNDP interventions under this programme are geared at empowering the poor through creation of economic opportunities and mitigating negative

impacts on such opportunities. The following three interlinked strategic goals are addressed:

Goal 2.1: Human and income poverty addressed in national policy frameworks

28. *PRSP and sector programmes.* In collaboration with its development partners, UNDP will continue to provide support for the finalization and implementation of the PRSP. The focus will shift from support for the consultative process of PRSP development to a focus on ensuring the technical quality of the document, underpinned by qualitative analysis and critical policy options. UNDP will also support implementation of the PRSP through capacity-building for the efficient management of sector programmes, in particular education, health and water. This will include, *inter alia*, capacity support for the streamlining of sector-wide management information systems; harmonized budgeting/financial and operating systems, common planning and monitoring and evaluation mechanisms as a means of reducing the high transaction costs of managing a wide array of inputs from different partners into the sector programme. This critical input is intended to increase substantially the delivery of the sector programmes. Optimization of the PRSP and the sector programmes will be realized by a monitoring and evaluation system for tracking the PRSP/sector programme targets against the national and Millennium development goals. This intervention is linked to the support for economic management units at the national and subnational levels.

29. *Expected results.* National capacity will be built for the development, implementation and monitoring of anti-poverty strategy. Accountability will be increased for meeting the poverty targets through a participatory process incorporating a comprehensive approach to and specific targets for the reduction of human and income poverty, which take account of the national and Millennium development goals. Increased efficiency in the overall management and delivery of services in the SDPs are expected through: strengthened information systems and timely availability of information technology to aid decision-making and reporting in the health and education sectors; improved resource flows; improved planning at the regional, zonal and *woreda* health and education offices; and the implementation of a clear strategy for reducing the gender gap in education and addressing gender issues in health care.

30. *HIV/AIDS.* In support of the UNDAF United Nation-wide priority and to fill an identified gap in the national efforts, a fully fledged programme on

HIV/AIDS will be launched to support the implementation of key elements of the multisectoral response at the national and subnational levels, to limit

the spread of HIV/AIDS and mitigate its social and economic impact. This includes support for leadership training at all levels of society, strengthening of the national and regional AIDS councils, research on the socio-economic determinants and consequences of HIV/AIDS, with a focus on the gender dimensions, ensuring that HIV/AIDS issues are mainstreamed into development planning and programme processes in three key ministries (Planning and Finance, Education and Agriculture) at both the federal and regional levels. A significant component will be capacity-building of NGOs/CBOs and grass-roots communities, for service delivery and social mobilization. This programme emphasizes the development of a multisectoral HIV/AIDS approach, regional and national implementation plans and the resource mobilization strategy.

31. *Expected results.* HIV/AIDS will be treated as a national emergency wherein all national and international resources are systematically harnessed to deal with the crisis in a development framework that specifically acknowledges the need for gender disaggregated and HIV/AIDS-specific preventative and mitigating responses.

Goal 2.2: The asset Base of the poor is expanded and protected (human, physical and financial)

32. *Food security and agriculture.* Food security and agriculture programmes will support the Governments' agriculture and food security strategy and contribute to the Secretary General's initiative for long-term food security in the Horn of Africa. The programme will widen its scope of intervention beyond support for agriculture to encompass the larger area of food security at the household level. At the policy level, the aim of interventions will be make the critical link between emergency food aid, recovery and longer-term development through: (a) support for formulation, review and implementation of key policies and strategies that address issues of chronic and acute food insecurity and the root causes e.g., food security, agricultural and pastoral development and recovery strategies; (b) strengthening the human and institutional capacity of the newly established Ministry of Rural Development, which is responsible for food security, and its counterpart agencies in the regions; support for establishment and the harmonization of a coordination mechanism among the multiple sectors

and institutions that contribute to food security, including Internet connectivity and harmonization of management information systems across key sectors to enable a coordinated policy and programmatic

response from the *woredas* and communities level. At the delivery level support will be provided to applied research and technology transfer for enhanced food security. This will be complemented with programmes for broadening opportunities for sustainable rural livelihoods and the generation of alternative incomes, particularly through support for micro-finance institutions.

33. The UNDP mine action and recovery strategy programmes compliment the support to food security and agriculture. The mine action builds national capacity for landmine clearance, which will make the land safe for farmers to return to their land and thereby increase agricultural outputs. The recovery strategy complements both humanitarian interventions and to long-term policies to address chronic food insecurity.

34: *Expected results.* Expected results include improved food production and food security at national and household levels through strengthened institutional framework, appropriate policies and strategies and improved asset base of the poor. Also foreseen are reduced numbers of injuries and threats to the returning population, and increased areas of cultivable land.

35. *Promotion of information and communications technology.* The ICT programme will lay the institutional base for the national ICT capacity-building programme launched by the Government. It will facilitate the sharing and dissemination of information between key federal and regional institutions to contribute to the improvement, efficiency and transparency of government service delivery and to lay the ground for skilled and problem solving ICT's human resources ICT. This will be supplemented by the systematic application of information technology as a development tool across all programmes of the second CCF.

36. *Expected results.* A national road map for ICT development efforts with the ultimate goal of establishing nation-wide connectivity will be established. A virtual private network among key federal decision-making institutions is also planned as are expanded Internet points to facilitate *woreda* level development activities with an emphasis on women and children. At least 25 community telecentres will be established at selected regions and zones.

C. Programme area 3: Sustainable environmental management and water resources development

37. The proposed interventions under the environment programme are to promote the sustainable use of Ethiopia's natural resources, including water and the vast drylands.

Goal 3.1: Sustainable environmental management to improve the livelihoods and security of the poor and regional and global instruments for environmentally sustainable development that benefit the poor

38. *Environmental management.* The programme aims at assisting the Government to formulate and implement pro-poor growth strategies that are environmentally sound and gender-sensitive. Support will be provided for the inclusion of national and global environmental issues into the PRSP, food security and agriculture policies and strategies. The policy and strategy documents developed during the first CCF period to meet Ethiopia's international environmental obligations under the Rio Conventions, such as the Biodiversity Strategy and Action Plan, the National Action Plan to Combat Desertification and the First National Communication to the United Nations Framework Convention on Climate Change, will be integrated into national development policies and priority projects implemented, including through funding under the Global Environment Facility. The human and institutional capacity of the Environment Protection Agency and its associated counterparts at the federal, regional, *woreda* and *kebele* levels, will be strengthened, inter alia, to enable environmentally sensitive planning, decision-making and programming, awareness-building, natural resources accounting, application of environment impact assessments, development and maintenance of a database, regular production of "State of the Environment" reports and coordinated implementation of multilateral global and regional environment agreements. This effort will also be supported by the capacity- building programme on *woreda* and *kebele* level decentralization.

39. *Water resources development.* Support for the efficient implementation of the water sector development programme will be an important component of the water resources development programme. This builds on interventions in the first CCF, which put in place the water policy, water code, water strategy and the water sector programme. The capacity of the Ministry of Water Resources and its counterpart water bureaux in the regions will be

strengthened, including for the operation of harmonized budgeting, financial and operating systems, ICT connectivity and harmonization of management information systems for the efficient management of the sector. At the community level, the second CCF will concentrate on empowering communities, in particular women and youth, to participate more effectively in water-sector programme implementation, focusing on small-scale irrigation and rural water supply.

40. *Sustainable drylands management.* Capacity development for drylands management will comprise another important component, given that Ethiopia's drylands constitute 70 percent of the total landmass and are by far the most fragile eco-system. Populations that derive a livelihood from the drylands are among the most vulnerable of Ethiopia's poor. The programme will implement priority programmes from the national action plan to combat desertification, including in particular community-based activities in the pastoralists' area.

41. *Expected results.* A comprehensive approach to environmentally sustainable development will be created and will include global environmental concerns, integrated in national development planning and linked to poverty reduction. The capacity of five federal, eight regional, and community-based organizations to plan and implement integrated approaches to environmental management that reflect the need of the poor will be improved. National capacity to monitor environmental conditions and trends will be enhanced, and environmental awareness among decision-makers and the public at large will be raised. The community management of natural resources focused on the rehabilitation of water points and small-scale irrigation schemes will be strengthened through, among other things, empowerment of women and a contribution to attain the increase of the small-scale irrigation national target of 39, 704 ha and 35 percent of rural water supply and sanitation coverage. Sustainable dryland management approaches and strategies will be established through the implementation of eight community-based pilot programmes that will help develop guidelines for sustainable livelihoods and coping mechanisms to reduce poverty in the pastoralist and other communities living in the drylands areas of Ethiopia.

IV. MANAGEMENT ARRANGEMENTS

42. *Execution and implementation:* The management arrangements proposed are guided by the two interlinked principles of ensuring timely and

efficient delivery of services and maximizing of all national capacity.

43. National execution will continue to be the primary mode of delivery. In the context of partnership and shared responsibility for this modality, the comparative advantages of both the Government and UNDP will be drawn on fully to serve clients in the field. The use of direct execution will be strategically employed where appropriate, particularly if requested by co-funding agencies and where special implementation arrangements are deemed useful.

44. A significant change expected as a result of a 2001 review of the National Execution modality and the CCF is a more flexible and wider application of the National execution guidelines to enhance delivery of programmes. This is expected to lead to (a) increased participation of NGOs, CBOs and the private sector in programme design and delivery; (b) devolution of increased responsibilities for programme and financial management to the *woreda* and *kebele* levels, where 70 percent of resources are delivered with corresponding strengthened accountability measures upwards; (c) a clearer articulation of the respective roles of the ministry of Finance and Economic Development, UNDP and the executing agencies, to enable the provision of added value services by all partners to the primary clients in the region, including direct support by UNDP, as needed; (c) differentiated management structures to respond to regional differences and capacities. The above efforts are also supported by programmatic interventions for capacity development for decentralized management at the *woreda/kebele* levels and NGO/CBO strengthening anticipated through the capacity building programme. The above efforts will be further underpinned via a United Nations system-wide rationalization and review of the National execution modality as a basis for harmonized delivery and monitoring and evaluation of United Nations programmes in Ethiopia.

45. A national volunteer scheme is expected to become operational in 2002. National volunteers, in conjunction with the systematic utilization of the United Nations Volunteers scheme will provide critical technical and logistical support for both programme delivery and policy. Judicious use of the Technical Cooperation among Developing Countries (TCDC) as the Transfer of Knowledge Through Expatriate Nationals (TOKTEN) modalities will ensure access to highly qualified developing country personnel and the Ethiopian diaspora.

46. To ensure clear added value to the Government, the country office has been reprofiled to reorient its work practices for results-based management and more efficient and substantive support to the Government. These include the realignment of teams and structures around eight key service areas, including access to technical advice from over 100 subregional resource facility (SURF) specialists from around the world. Direct support will be provided to programme clients in the field, including the development of a new cadre of field programme assistants (drawn from existing resources) for enhanced service delivery in the field e.g., (procurement of overseas training and equipment, timely assistance with the preparation and submission of expenditure reports, follow through on audit comments). The Management Information Unit has been transformed into a fully fledged programme team allowing for the provision of technical support to the government in developing and implementing of ICT policies and upgrading its systems and backstopping ICT programmes in the field. The capacities of key service areas (finance, administration and programme management unit) in the country office have been strengthened through the reprofiling exercise to support the use of direct execution.

47. *Monitoring and evaluation.* Monitoring and evaluation will be a significant tool for informing and guiding management of programmes in the field. UNDP's results-based management tools, the strategy results framework (SRF) and the results-oriented annual report (ROAR), will be fully integrated in the NATIONAL EXECUTION procedures, both for the preparation of the annual work plans at the programme level, relating activities and budgets to the achievement of SRF outcomes and outputs, and for reporting on results. UNDP will draw on the United Nations system wide to monitor the Millennium development goal targets being developed under the resident coordinator system to measure its own contribution towards achieving these goals. Systematic application of best practices and linkages with national and international academic and research institutions are intended to underpin the quality and relevance of the programme.

48. *Partnership strategy.* Given the complex and diverse challenges facing Ethiopia, UNDP efforts to ensure and nurture strategic partnership for concerted collaboration among the development partners for timely and adequate response will continue. UNDP will continue to maintain a close relationship with the important donor presence in Ethiopia to strengthen this collaboration. Within the context of collaborative programming under the United Nations Country Team,

UNDP has played a lead role in formulating the UNDAF and CCA. that map common objectives and strategic areas of intervention for the promotion of effective and efficient United Nations support. As the PSRP, the Public Expenditure Review and UNDAF continue to provide the overall framework for development planning among partners, UNDP leadership in the coordination of these instruments will be further strengthened. In addition, UNDP will continue to advocate for increased participation of NGOs, CSOs and CBOs in the national development agenda so as to minimize the capacity gaps in policy development and implementation.

49. Through the office of the Resident Coordinator, office, UNDP will continue to manage and facilitate United Nations system co-ordination, operationalization of the UNDAF, and joint work on the millennium development goals. UNDP will continue to provide support services to the UNV programme, the United Nations Capital Development Fund and non-resident United Nations agencies to implement project activities in the country. The office of the RC will facilitate follow up and coordination of the United Nations programmes identified in the UNDAF, and the monitoring of progress against UNDAF objectives. With the support of UNDP and United Nations specialized agencies, funds and programmes, the office will assist the Government in monitoring the follow-up to the international development targets and the Millennium development goals, providing periodic reports to the Government. The Resident Coordinator will continue to co-chair the Development Assistance Group and will ensure that United Nations coordination is fully integrated within the overall donor coordination group.

50. *Resource mobilization.* Resource mobilization will have increased importance, given the principle agreed that TRAC resources in the second CCF will be used as catalytic funds to mobilize additional resources for Ethiopia. UNDP has, therefore, carefully selected its programme areas to be multi-partner interventions, where the UNDP comparative advantage can best leverage results. The most likely areas for such multi-partner interventions are food security, governance, HIV/AIDS, ICT and natural resources management. In the circumstances, forging and further fostering strategic partnership within the development community will be a key modality for resource mobilization. On the assumption that the democratic and decentralization processes and the peace initiative remain on track, the country office expects to mobilize about \$ 80 million over the second CCF period.

Annex

CCF RESOURCE MOBILIZATION TARGET TABLE FOR ETHIOPIA (2002-2006)

Source	Amount (In thousands of US Dollars)	Comments
UNDP REGULAR RESOURCES		
Estimated carry-over	11,368	Includes carry-over of TRAC 1, TRAC 2 and the earlier AOS allocations.
TRAC 1.1.1	28,255	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	-	
SPPD/STS	2,038	
Subtotal	41,661 _{a/}	
UNDP OTHER RESOURCES		
Government cost-sharing	50	
Third-party cost-sharing	35,335	
Funds, trust funds and other	44,850	
	Of which:	
UNSO	5,000	
UNCDF	13,750	
UNV	1,000	
UNIFEM	250	
GEF	20,000	
Thematic Trust Fund (Governance)	2,000	
Thematic Trust Fund (PRSP & Youth)	500	
Food Security	1,000	
Thematic Trust Fund (HIV/AIDS)	1,000	
Thematic Trust Fund (ICT)	350	
Subtotal	80,235	
GRAND TOTAL	121,896 _{a/}	

_{a/} Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: TRAC = target for resource assignment from the core; SPPD = support for policy and programme development; STS = support for technical services; UNCDF = United Nations Capital Development Fund; UNIFEM = United Nations Development Fund for Women; UNV = United Nations Volunteers; GEF = Global Environment Facility; UNIFEM = United Nations Development Fund for Women.