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PROGRAMME PLANNING AND IMPLEMENTATION

Country programmes and projects

FIFTH COUNTRY PROGRAMME FOR ETHIOPIA

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<th>Programme period</th>
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<td>1993-1997</td>
<td>Net IPF</td>
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Annexes

I. Financial summary
II. Programme matrix
I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

A. Current socio-economic situation

1. Growth in Ethiopia faces long-term constraints: poor infrastructure, low technology and know-how, growing population pressure and degradation of land and water resources. In recent years, the country's capacity to respond to these constraints has been limited by the mounting diversion of resources to military outlays for the civil war, deteriorating terms of trade, recurrent drought, and the influx of refugees from neighbouring countries. As a result of the war, poverty and destitution have become even more widespread. A social crisis has been brought about by the millions of displaced persons, refugees, demobilized soldiers, the homeless and the unemployed.

2. The economy, characterized by low productivity, structural rigidities and a large public sector, is largely based on agriculture (particularly peasant farming), which accounts for 40 per cent of gross domestic product (GDP), 90 per cent of exports and 85 per cent of total employment. Although 60 per cent of the land is arable, only 15 per cent is under cultivation. The balance-of-payment situation remains critical; the debt-service ratio rose by 55 per cent between 1985 and 1988 and now stands at about 39 per cent.

3. Although Ethiopia is predominantly agricultural and pastoral, a recurrent food deficit has created significant dependency on relief food aid. Growth in the agricultural sector dropped from about 2.5 per cent in 1975/90 to almost zero in 1990. The current population growth of 3 per cent per annum calls for a corresponding annual increase in food production just to maintain the deficit at its current level. For the third year running, large parts of northern and eastern Ethiopia are affected by drought.

4. In 1992, it was estimated that 8.7 million people needed relief assistance. The demobilization of more than 400,000 former soldiers, with an estimated 800,000 dependents, nearly 1.5 million refugees, returnees and internally displaced persons have compounded the situation, with a corresponding negative impact on the environment.

5. Drought, other climatic factors, migratory and other pests contribute to poor agriculture and livestock performance. Loss of top soil through erosion, amounting to some 1 million tons per year, and the destruction of forests for fuelwood and tillage expose the country to serious ecological and environmental danger.

6. Manufacturing is dominated by public enterprises producing agro-processed goods using mainly capital intensive technology. The sector, characterized by low contribution to employment, low value added to export commodities, and low production of agricultural inputs, accounts for 10-12 per cent of GDP and 15 per cent of exports. Ethiopia is well endowed with natural resources, including gold, marble, copper, zinc, iron and substantial gas reserves in the Ogaden region and possibly in the Gambella region. Apart from gold, all of
these resources await exploitation. Mining's contribution to economic
development is expected to grow with intensified exploration and development.

7. Most of Ethiopia's farm lands are not accessible by all weather roads.
The poor transport system is a major constraint to agricultural and industrial
development, both for internal consumption and export, and for access to basic
economic and social services, despite the appropriateness of Ethiopia's
location for export development.

8. In spite of improvements made in human resources development, the
majority of the Ethiopian people are excluded from education and health
services. The human development index for 1991 of 0.173 ranks Ethiopia 138th
out of 160 countries. Serious urban-rural and male-female gaps exist. The
potential contribution of women to development programmes is not adequately
considered. Poor rural infrastructure and services prevent increased
agricultural production and encourage rural-urban migration.

B. National development objectives and strategies

9. Following the fall of the previous Government in May 1991, the National
Conference on Peace and Democracy in July 1991 set up a Transitional
Government and a Council of Representatives drawn from a wide spectrum of
society. The Transitional Charter adopted by the Conference provides for
decision-making to be decentralized to regional administrations. It also
emphasizes the right to form political parties, an independent judiciary and
the rights of nationalities to administer their own affairs. Elections were
held in June 1992, establishing regional and local councils and constituting a
major step towards decentralization and the new strategy for nation-wide
economic and social development. Under the Charter, the Transitional
Government will hold power until national elections are held in 1993.

10. The Transitional Government is in the process of replacing the previously
centrally planned economy with a market-oriented economy. The Transitional
Economic Policy advocates a reduced role of the state in the economy;
promotion of the private sector in economic development; popular participation
in the development process; security of land tenure in peasant agriculture;
and the right to sell agricultural produce at market prices. The Policy also
addresses the fundamental issues affecting development which will, therefore,
still need to be addressed after the transition period.

11. The Policy recognizes that the areas of focus for development in the past
remain valid; however, the strategy of the previous Government gave total
control to the State. It is now proposed to use the democratic process and a
liberal economic system as the main instruments for promoting national
development.

12. Negotiations have been concluded with the Bretton Woods Institutions on a
policy framework paper for the period 1992/93-1994/95 which is expected to
pave the way to introducing a reform programme covering economic stabilization
and structural reforms of the public sector and the banking and financing system and to mobilizing financing for investment projects.

13. The Transitional Government proposed to give first priority to the revitalization of the economy to create conducive conditions for future reform and growth. Specifically, the Transitional Economic Policy sets out the following immediate priorities:

(a) Rehabilitation of regions affected by drought and war;
(b) Restoration of the damaged and destroyed infrastructure;
(c) Special focus on neglected regions; and
(d) Reorganization of institutions in line with the new economic policy.

14. In response to these immediate priorities, 12 donors are supporting the $650 million Economic Recovery and Reconstruction Programme. The objective is to begin quickly the process of economic and social recovery and to lay the foundation for a future economic adjustment programme by providing raw materials, spare parts and other inputs for:

(a) Restarting essential production activities in agriculture and industry;
(b) Developing vital social assets and services in the health and education sectors; and
(c) Starting to repair physical infrastructure and facilities.

15. The project is executed by a UNDP-funded project management unit and contains a social rehabilitation fund component, the aim of which is to create a revolving loan facility for small-scale individual and community income-generating activities in neglected areas.

16. As for the longer-term measures needed for sustainable development, elements singled out for priority attention include expanding small-holder agricultural production and productivity, arresting environmental decline and reducing the impact on the land of a growing population.

17. The national disaster prevention and preparedness strategy, national food and nutrition strategy, national population strategy and national conservation strategy support these objectives and priorities and provide an overall framework for donor assistance and coordination.
II. EXTERNAL COOPERATION

A. Role of external cooperation

18. The Organisation for Economic Cooperation and Development (OECD) 1989 estimate of Official Development Assistance (ODA) to Ethiopia is, at $14.2 per capita and 11.6 per cent of gross national product (GNP), among the lowest in sub-Saharan Africa. Of the total ODA of $484 million quoted in the 1989 Development Cooperation Report, the grant element amounted to $299 million (61.7 per cent). Relief assistance accounted for over one third of grant assistance (a share which probably increased during 1990/91), leaving a relatively meagre amount for development activities.

19. The major sources of ODA funding for non-food aid development assistance were Italy: $94.3 million (34 per cent); the International Development Association (IDA): $55.02 million (20 per cent); the Commission of the European Communities: $17.2 million (6 per cent); the African Development Bank (AfDB): $22.6 million (8 per cent); UNDP: $18 million (6.5 per cent); Japan: $14 million (5 per cent); and other bilateral donors: $55 million (20 per cent).

B. Aid coordination arrangements

20. The Ministry of External Economic Cooperation is responsible for mobilizing, coordinating and monitoring development assistance and technical and scientific cooperation with donors. Through a national technical cooperation and programmes (NATCAP) exercise, a technical cooperation database has been established at the Ministry and studies are under way to define a technical cooperation policy. Continued support to these activities in the fifth programme cycle is envisaged.

21. UNDP plays a substantive role in the coordination of United Nations system assistance for development. Through regular consultations, UNDP facilitates a continuous and effective exchange of information among the donors. A World Bank Consultative Group meeting was held in November 1992.

22. The Relief and Rehabilitation Commission mobilizes and monitors emergency relief assistance. United Nations emergency relief activities are coordinated through the United Nations Emergency Prevention and Preparedness Group (UNEPG), chaired by UNDP. The Government’s objective is to establish linkages between relief and development activities.

III. THE COUNTRY PROGRAMME

A. Assessment of ongoing country programme

23. The fourth country programme (1987-1991) was allocated an indicative planning figure (IPF) of $98 million. The programme was extended to 1992 as a
result of the change of Government in May 1991. Based on the experience gained over the previous three cycles, the major objectives of the fourth country programme for Ethiopia were confined to two areas:

(a) Increasing agricultural production and productivity; and

(b) Developing human resource potential in selected fields.

24. In spite of this focused approach, the absence of a clear implementation strategy resulted in a large number of individually conceived and unlinked projects, which strained the management capacities of both UNDP and the Government.

25. The fourth country programme, however, achieved notable success in the national execution of projects, which reached 30 per cent of the programme. All the projects were nationally coordinated and the cost of expatriate project personnel declined from 70 per cent of IPF expenditure to 33 per cent during the fourth cycle.

26. The evaluation of the fourth country programme in 1991 found that the impact of the programme was affected by: lower delivery, due to the internal situation of the country up to 1991; the length of the project approval process; the lack of appropriate linkages between projects addressing closely related objectives; and lack of integration between activities supported by UNDP and those supported by the United Nations Capital Development Fund (UNCDF), the United Nations Population Fund (UNFPA), the United Nations Sudano-Sahelian Office (UNSO), the World Food Programme (WFP) and other agencies. Excessive administrative overheads caused by project proliferation contributed to low cost-effectiveness.

27. Delays in the recruitment of project experts and in the procurement of equipment, problems with the provision of Government counterpart staff, and budgetary difficulties also impeded implementation.

28. Capacity-building and institution-building often stopped at the central level without reaching the target beneficiaries, largely because of the lack of an effective extension system to support field activities. The fourth country programme projects were designed against a background of centralized planning. Direct support to grass-roots activities and communities in the rural areas was limited.

29. Generally, project orientation lacked clear focus, objectives were not realistically verifiable and monitoring systems were inadequate. In addition, the target beneficiaries were often not clearly identified and viewed as passive recipients rather than active participants in project design, implementation and evaluation. Gender issues were seldom considered.

30. While postgraduate training improved staff capacity at the central level, the excessive emphasis placed on overseas training proved sometimes to be
inappropriate and resulted in long absence of key staff and the failure of many to return after training.

31. Even though focus on the ultimate beneficiaries was lacking, the fourth country programme contributed to a general strengthening of central institutions. What is needed now is to capitalize on these gains by using the strengthened institutions to provide services to rural communities.

B. Proposals for UNDP cooperation

1. Preparatory process

32. A national steering committee, in which the Ministry of Planning and Economic Development and the Ministry of External Economic Cooperation participated, defined the main programme objectives and strategies with the support of a technical committee. These same committees also coordinate and manage the preparation of the programmes of the other Joint Consultative Group on Policy (JCGP) partners, such as the United Nations Children’s Fund (UNICEF) and UNFPA. The steering committee accepted the UNDP advisory note, on the basis of which the technical committee elaborated the programme of assistance for the fifth cycle.

33. On the recommendation of these committees, the Government decided to focus the technical cooperation available from UNDP on building capacities to tackle the pressing problems of recovery, reconstruction and rehabilitation during the current transition period and to overcome the long- and medium-term structural problems.

34. The fifth country programme resources have therefore been allocated under the following six multisectoral, national programme areas:

   (a) Food production, food security and nutrition;

   (b) Improvement of the resource-population-sustainability balance;

   (c) Capacity-building in human resource development in both the public and private sectors;

   (d) Disaster prevention, preparedness and mitigation;

   (e) Management of economic and technical change, in both the public and private sectors; and

   (f) Economic recovery and reconstruction.
2. **Strategy for UNDP cooperation**

35. Proclamation No. 7/1992 establishes national/regional self-governments and empowers each one to establish, direct and supervise social and economic development, prepare its own budget, and collect revenue and taxes. UNDP cooperation will be used to improve administrative efficiency at the central level and to create local government capacity to undertake functions efficiently. The Government also intends to create local capacities to identify needs and assess resource potential, plan, implement and monitor appropriate programmes and promote participatory development. Special attention will be given to areas that are poorly developed and those affected by drought and famine, where problems of poverty have been compounded by the large numbers of displaced persons, especially in the Ogaden, Northern Wello and Tigray, South Borena and Bale and Gambella regions.

36. In planning the inputs to the six national programme areas, the programme approach will be used as the basic programming tool. Programme design and implementation will also take account of the comparative advantage of UNDP in:

   (a) Developing an overall framework for resource mobilization and management of external donor support;

   (b) Policy and strategy formulation;

   (c) Capacity-building to support Government policy on the regionalization of authority; and,

   (d) Coordination of area-based programmes requiring inputs from a multitude of sources and donors.

37. At the detailed programme formulation stage, relevant themes will be integrated into each programme instead of being treated as isolated activities. Environmental concerns will be addressed in a separate programme as well in others dealing with industry, mining, irrigation and energy. Collaboration has already been initiated with the Management Development Programme (MDP) for assistance in the restructuring of the public sector. The experiences of other developing countries through technical cooperation among developing countries (TCDC) will be vital in policy development for the agricultural sector and in defining a mechanism for grass-roots participation. Technology transfer and adaptation will be promoted to increase productivity in key sectors.

38. Special attention will be given to gender issues in development and to poverty alleviation. The Government recognizes that there are significant male–female disparities in Ethiopia despite the central role of women as managers of the environment, their dominant role in food production and their responsibility for household management. These disparities are attributable, inter alia, to limited access to employment, inadequate access to schooling, extension services and credit. In the urban areas, women-headed households account for one third of total households and often constitute the poorest
account for one third of total households and often constitute the poorest segments of society. The Government intends to eliminate disparities and discrimination against women by the design and implementation of gender-responsive programmes. Gender issues will be mainstreamed in all planning and programming activities at the central as well as the decentralized levels.

39. Overall, half the Ethiopian population lives below the poverty line. The chronic poor account for 13 million in rural areas and 4 million in urban areas. The Government, with UNDP cooperation, is preparing a consolidated poverty alleviation programme based on proposals and studies by several donors.

40. The implementation of the six national programme areas will require resources in excess of Ethiopia's indicative planning figure (IPF). Government intends to use the frameworks (some of which will be finalized under technical cooperation provided by UNDP) to mobilize and coordinate resources from other donors. When required, UNDP resources may be used as seed money to initiate demonstration activities that will help mobilize additional investments.

41. The African Development Bank (AfDB), the Canadian International Development Agency (CIDA), the Danish International Development Agency (DANIDA), the European Community, Italy, Japan, the Netherlands, Norway, the Swedish International Development Agency (SIDA), the United States Agency for International Development (USAID), and the World Bank are the main donors whose assistance will be coordinated with UNDP under the proposed national programmes.

42. More particularly, the Government intends to coordinate all development cooperation to ensure increased complementarity between the fifth country programme and other United Nations system-funded activities. UNCDF and UNSO, with sizeable programmes in Ethiopia, are expected to provide complementary funding to the national programmes.

43. The Government is satisfied that a solid basis for cooperation between the JCGP organizations has been laid, as evidenced by clear linkages already identified between the fifth country programme objectives and the new UNFPA country programme; the WFP country strategy; planned International Fund for Agricultural Development (IFAD) activities; and UNICEF's bridging programme approved in June 1992. Active partnership with the Office of the United Nations High Commissioner for Refugees (UNHCR) has already acquired new importance because of cross border population movements.

44. United Nations specialized agencies are also involved in the programming exercise for the programming exercise for the fifth country programme through the TSS-1 modality. Additional funding will also be available through the regular programmes and funds of agencies.
45. Twenty-eight projects in the fourth country programme have been found to be consistent with the areas of priority of the fifth country programme and will be integrated in it.

3. Proposed UNDP cooperation in selected areas of concentration

(a) Increased food production, food security and nutrition

National development objectives

46. The policy of the Transitional Government is to provide food security for the entire population in the medium-term. The Government intends to liberalize agricultural production by ensuring land-use security and increased supply of essential agricultural inputs. The overall programme is expected to result in increased food production and security. With trade and exchange policy reforms, the agriculture sector output is expected to grow at about 4 to 5 per cent annually.

Proposed UNDP cooperation

47. To complement the capital assistance being provided under the Economic Recovery and Reconstruction Project for the rehabilitation of the agriculture sector, the Government is requesting UNDP support to improve: policy development; marketing and distribution; support services; land husbandry and pre- and post-harvest food losses. These activities will be in specially targeted areas, where they will have a direct positive impact on victims of drought, war and neglect. Support will be provided for agricultural research, training and extension; strengthening linkages between agriculture and industry; improving transport and storage systems; and private sector participation in seed and fertilizer marketing and distribution. This programme will be developed with linkages to the following programme areas: (a) improvement of the resource-population-sustainability balance; (b) disaster prevention, preparedness and mitigation; and (c) economic recovery and reconstruction.

48. By the end of the cycle, UNDP cooperation will have contributed to the restructuring of the agriculture sector ministries and institutions; the national capacity to plan and deliver agricultural services will have been developed; and food processing and marketing measures appealing to women producers will have been designed and implemented.

49. Complementary assistance. Funding from the organizations of the United Nations system such as the World Food Programme (WFP), IFAD and UNCDF is expected. The World Bank, the European Community and various bilateral donors are already funding peasant agriculture development projects, while livestock projects are being implemented partly with AfDB financing.
(b) **Improvement of the resource-population-sustainability balance**

**National development objectives**

50. The objective is to enhance the contribution of natural resources to development through sustained management of the environment and resource base. The main focus of the resource-population-sustainability balance programme is to curb the inefficient use and depletion of natural resources while promoting their sustainable development. Interventions are envisaged within the context of the national conservation strategy, the Global Environment Programme (GEF) as well as global population policy concerns. The overall programme is expected to contribute to increased private sector investment, job creation, foreign exchange earnings and availability of goods in the internal market. The manufacturing sector is expected to grow by over 10 per cent annually.

**Proposed UNDP cooperation**

51. To achieve this objective, a two-pronged strategy for (a) sustainable management of land and water resources and (b) utilization of natural resources for balanced development is envisaged.

52. **Sustainable management of land and water resources.** Assistance in this area will be centred on the implementation of the national conservation strategy for which support for policy and strategy formulation is being provided by the International Union for the Conservation of Nature (IUCN). Support will also cover water harvesting and management, integrated land use, and land and water planning.

53. **Utilization of natural resources for balanced development.** Because of the war, mineral exploration was abandoned, tourism infrastructure remained uncompleted and industrial exports declined as capacity utilization dropped to low levels. UNDP is requested to support the rehabilitation and expansion of activities in these critical areas in view of their importance for foreign exchange earning. This support will cover mineral exploration, water resources, energy, tourism and agro-industries development.

54. By the end of the cycle, UNDP assistance will have contributed to the implementation of the national conservation strategy, the Ethiopia Forestry Action Plan, relevant parts of the national population strategy, policies and legislative instruments regarding the rational exploration and development of mineral, energy, water, and other natural resources. National, regional and local capacity to plan and implement sustainable community-based conservation measures will have been developed and put into operation in areas where interventions occur.

**Complementary assistance**

55. The World Bank, AfDB, the European Community and the European Investment Bank under the Lomé IV Convention, other financial institutions and bilateral donors substantially support the sector. WFP, IFAD, UNSO, UNCDF and the
United Nations Industrial Development Organization (UNIDO) are already involved in this area and should participate actively in programme development and implementation. UNSO proposes to support completion of the national conservation strategy; follow-up action to Agenda 21, particularly with respect to drought, desertification and environmental awareness programmes. UNFPA activities will involve the population-environment-sustainability relationship. A number of related activities should qualify for financing from GEF.

Capacity-building in human resource development in both public and private sectors

National development objectives

56. The national objective is to achieve sustained human development by improving access to basic education, health and employment, with particular attention to the needs of women. To meet this national development objective, the Government has identified capacity-building in human resources development in both private and public sectors as one of its priority programmes for UNDP cooperation.

Proposed UNDP cooperation

57. UNDP support will mainly cover technical cooperation in support of rehabilitation and reconstruction of the general infrastructure and will improve access to education and training, paying particular attention to the needs of women, and health and related infrastructure. The liberalization of the employment/labour market will be supported by development of appropriate policies and strategies; labour-intensive programmes and non-farm rural employment will be encouraged as a key part of the employment. Local capability in selection, adaptation and dissemination of technology will be developed as well as the capability to generate improved indigenous technologies to improve productivity in key sectors.

58. Human development is greatly aided where people have assured human rights and are given true opportunities for ownership and participation in their development and governance. UNDP provided support for regional and local elections held in June 1992. Further assistance is requested for national elections and for promoting good governance, democratization and a participatory approach to development.

59. By the end of the cycle, UNDP cooperation will have contributed to widened access of the population to increased and improved social services and resources, such as employment-related education, health and water services. The programme as a whole is expected to lead to measurable improvement in the current human development index, particularly with regard to the access of rural populations to clean water, primary and secondary school participation rates of females and the overall primary participation rate of school-age children. National capacity to enable efficient development and utilization of human resources will have been enhanced. The capacity of the national AIDS
control programme will have been strengthened at the central and regional levels and public awareness will have been increased; the socio-economic impact of HIV/AIDS will have been assessed and prevention/education programmes widely implemented.

Complementary assistance

60. Linkages with the new UNFPA country programme are being established and will be reflected in the appropriate programmes. Collaboration with a number of multilateral and bilateral partners will be furthered, notably: the World Bank under the Social Rehabilitation Fund; WFP through school feeding and food-for-work employment programmes; and UNCDF in the context of area-based development. Collaboration with MDP is also foreseen. Non-governmental organizations (NGOs) will be involved in the implementation of community participation and area-based activities.

Disaster preparedness, prevention and mitigation

National development objectives

61. The Government’s objective is to establish structures and mechanisms to deal effectively with and alleviate the effects of natural disasters. To achieve this goal, national capacity for disaster prevention, preparedness and mitigation is to be created at central and regional levels.

Proposed UNDP cooperation

62. The Government intends to use UNDP cooperation to support institutional strengthening to put into operation the national disaster prevention and preparedness strategy and the emergency code, and to restructure and decentralize the activities of the Relief and Rehabilitation Commission. Using a participatory approach, area-based multi-sectoral activities will be developed and implemented with multi-agency/partner support. Priority areas designated by the Government for these activities are northern Wello and Tigray, the Ogaden, Southern Borena and Bale, and Gambela. UNDP will also help to monitor the development of the World Bank-financed gas project in Calub in the Ogaden and support income-generating activities (distribution and retail of gas) for the local population. UNDP cooperation will also support the Government’s effort to formulate a participatory strategy for voluntary relocation, based on incentives.

63. By the end of the cycle, UNDP cooperation will have contributed to the process of decentralizing the early warning and information systems to the regions. The national, regional and local capacities to manage disasters will have increased and strategies for disaster mitigation, including relocation programmes will have been developed and operationalized.
Complementary assistance

64. UNEPPG members who have so far mainly concentrated on relief assistance have agreed to work towards establishing a strong linkage between relief, rehabilitation and development. This agreement means that resources from UNHCR, UNICEF, WFP, FAO, WHO and UNDP can be coordinated under this programme. UNSO’s cooperation will be sought to redress the impact of prolonged drought situations and enhance long-term environmental sustainability.

Management of economic and technical change in both public and private sectors

National development objectives

65. The upgrading of management capacities in the economic and social areas of development is of critical importance for the efficient management of the Economic Recovery and Reconstruction Programme. The central concern is to establish capacities for reform management that would direct the rehabilitation and reconstruction programme and lay the foundation for long-term sustainable growth and rejuvenate economic activities and production. Through the overall programme, the Government will have divested itself from productive activities and will have established itself as a regulatory and information body. The private sector contribution to the economy will have increased significantly. GDP is expected to grow by about 5 to 6 per cent per annum.

Proposed UNDP cooperation

66. UNDP support will build capacities in six areas. National capacities will be created in macro-economic planning to collect and analyse socio-economic data and formulate policies and programmes. Regional administrations will be assisted to deal with development problems of priority concern to their communities and evolve sustainable approaches to critical issues. Assistance will be provided to develop the private sector. UNDP will complement the Government’s efforts to simplify the legal and administrative machinery and establish clear guidelines for regulating business practices. Support will be provided to build capacities for planning and managing divestment, liquidation, leasing and restructuring of public enterprises and for the reform of the civil service. The Government’s capacity in aid coordination to integrate donor resources and to budget, manage and report on counterpart funds generated from the inflow of external resources will be strengthened. Better external debt management and monitoring capabilities will also be created.

67. It is also envisaged that through UNDP cooperation, activities will be initiated in conjunction with the World Bank and the International Monetary Fund (IMF) to strengthen public finances by restructuring and rationalizing the existing tax structures and to broaden the tax base to increase revenue. Support will be provided for reform of the banking and insurance companies.
68. By the end of the cycle, specific UNDP cooperation will have increased the Government’s capacity to analyse and formulate appropriate policies: staff will have been trained in the management of the economy and development process; and measures will have been taken to deregulate a number of activities currently enjoying a state monopoly. During the establishment phase, the decentralized administration will have been assisted to initiate development activities.

Complementary assistance

69. The World Bank will participate in and contribute grant funds to the programme. IMF has prepared preliminary proposals on tax and customs administration for joint implementation with UNDP. The European Community and USAID programmes include technical cooperation for developing capacities for economic management, the promotion of the private sector and the restructuring of and divestment from public enterprises. These donors are expected to participate in programme formulation and implementation.

Economic recovery and reconstruction

National development objectives

70. The major objectives of the Transitional Government in this area form part of the Economic Recovery and Reconstruction Programme. They are to restore social, economic and physical infrastructure and normal agricultural and industrial production, and to rehabilitate drought- and war-affected regions, giving special attention to neglected areas and groups through the priority allocation of resources, provision of essential inputs and equipment, essential drugs, and educational materials for both public and private entities. The Ethiopian Social Rehabilitation Fund provides resources for relevant individual and community activities.

Proposed UNDP cooperation

71. UNDP will provide cooperation to the Project Management Unit and for the design and start-up of the Economic Recovery and Reconstruction Programme. Small-scale credit schemes will be expanded through progressive decentralization of the Ethiopian Social Rehabilitation Fund.

72. Packages of longer-term cooperation are already being implemented for seriously affected areas in the south-east. UNDP will assist similar activities in other areas affected by civil strife and population movements. There will be a direct complementarity between this and the programme areas covering: (a) food production, food security and nutrition; (b) improvement of the resource-population-development balance; and (c) disaster prevention, preparedness and mitigation.

73. By the end of the cycle, the country’s key economic and social infrastructure will have been rehabilitated and reconstructed. Some 400,000 demobilized soldiers and their dependents and civilians affected by the civil
strife will have been reinserted in productive sectors. UNDP cooperation will have contributed to creating national capacities to manage comprehensive cooperation programmes, including the Ethiopian Social Rehabilitation Fund. Area-based programmes will have established a foundation for development, in lieu of relief, in affected or neglected regions.

Complementary assistance

74. The Economic Recovery and Reconstruction Programme and the Ethiopian Social Rehabilitation Fund provide the programme framework; they are funded by the World Bank, the European Community and bilateral donors. UNDP support will be coordinated with the resources from other United Nation organizations such as UNCDF, UNICEF, WFP and IFAD. Close-working partnership will be maintained with UNHCR and NGOs.

C. Assistance in main areas outside the country programme

75. None is currently planned.

D. Management arrangements

76. The Ministry of Planning and Economic Development, the Ministry of External Economic Cooperation and the sectoral Ministries provide the membership of a high-level, policy coordination steering committee to oversee the formulation and progress achieved by UNDP and other JCGP partners. This steering committee is supported by a technical committee made up of Heads of Departments from the same Ministries. Both committees will convene at least annually to review programme implementation and progress.

77. The technical committee has constituted six sub-committees to function as programme coordinating committees for each of the programme areas. As these programme areas are also of interest to other donors, the Government, with UNDP assistance, has developed programme formulation frameworks to encompass technical cooperation with the entire donor community. Therefore, for programme formulation and monitoring purposes the membership of each programme coordinating committee will be enlarged to include participating donors, and thus serve as a mechanism for resource mobilization and donor coordination.

78. A programme formulation team will be established for each of the six programmes. Each team will be headed by a national programme formulation coordinator and will utilize national and international expertise, including that from United Nations specialized agencies and participating donors. A focal point will be designated to provide administrative/technical backstopping for each team, which will formulate a comprehensive multi-donor/multi-partner programme, and further delineate sub-sets of the broader programme for UNDP support. Each of the enlarged programme coordinating committees will guide the work of its respective formulation team...
and will convene at key stages of programme formulation and review points throughout implementation.

79. The intersectoral and area-based programmes foreseen will require special multidisciplinary management arrangements with the cross-sectoral involvement of several donors. While the Government supports national execution, not all institutions have adequate capacity to assume these responsibilities. Therefore, the programme formulation teams will assess the national execution capacities of the various national institutions to be involved, and on this basis elaborate specific management mechanisms for each programme, confined in some instances to a single ministry, but in others requiring more complex interministerial arrangements. Capacity-building for programme management will also be built into each programme to ensure the sustainability of activities. The programme formulation teams will also define monitoring and evaluation mechanisms and milestones. Special efforts will also have to be made to ensure that donors requirements for periodic accounting, audit and evaluation reports are met.

80. Throughout the implementation cycle, the programme coordinating committees will meet to assess progress according to the milestones defined during the formulation of each programme. Thrice-yearly meetings of the enlarged committees will replace traditional tripartite reviews, permit more frequent, in-depth monitoring of the programme as a whole, and involve, as appropriate, the participating donors and NGOs, concerned United Nations specialized agencies and national beneficiaries and partners.

81. The United Nations specialized agencies should play an enhanced role in providing technical guidance and support to build national capacity to plan and manage programmes. Critical interventions are needed on a coordinated multi-agency basis in planning and technical backstopping and in providing high calibre specialist advice to complement national skills. TSS-1 and TSS-2 funds are to be used to facilitate agency participation. For area-based programme activities, efforts will be made to utilize community-based organizations and established facilities/sub-offices of various United Nations specialized agencies throughout the country. Due emphasis will be given to non-traditional and unconventional implementation arrangements, involving non-governmental or local private institutions. MDP and Transfer of Knowledge through Expatriate Nationals (TOKTEN) modalities as well as wider use of United Nations Volunteers (UNV) specialists will also be pursued.

82. Some areas of concentration identified in the fifth regional programme for Africa provide for linkages with the six areas of priority identified by the Government in the fifth country programme. During the process of elaborating the national programmes in these areas, mutual collaboration possibilities foreseen in the areas of pest management, HIV/AIDS, trade promotion and regional integration will be explored.
E. Programme review

83. The preparation of the fifth country programme coincided with a time of major changes in Ethiopia and the duration of the programme (1993-1997) exceeds the transition phase and mandate of the transitional Government. As the validity of the country programme objectives transcend the immediate situation, no major changes in overall priorities are expected following any change of Government. A comprehensive assessment and updating of the fifth country programme should be undertaken soon after a new Government is installed and its policies are defined. This review is tentatively scheduled to take place in the first half of 1994.
Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

(Thousands of dollars)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carry-over from fourth cycle IPF</td>
<td>24 713</td>
</tr>
<tr>
<td>Fifth cycle</td>
<td>121 564</td>
</tr>
<tr>
<td><strong>Subtotal IPF</strong></td>
<td><strong>146 277</strong></td>
</tr>
<tr>
<td>Project cost-sharing (Government)</td>
<td>-</td>
</tr>
<tr>
<td>Project cost-sharing (third-party)</td>
<td>-</td>
</tr>
<tr>
<td>Programme cost-sharing</td>
<td>-</td>
</tr>
<tr>
<td><strong>Subtotal cost-sharing</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>146 277</strong></td>
</tr>
</tbody>
</table>

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

<table>
<thead>
<tr>
<th>Area of concentration</th>
<th>IPF</th>
<th>Cost-sharing</th>
<th>Total</th>
<th>Percentage of total resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food production, food security and nutrition</td>
<td>28 110</td>
<td>-</td>
<td>28 110</td>
<td>19.0</td>
</tr>
<tr>
<td>Improvement of the resource-population-sustainability balance</td>
<td>22 999</td>
<td>-</td>
<td>22 999</td>
<td>16.0</td>
</tr>
<tr>
<td>Capacity-building in human resource development</td>
<td>19 165</td>
<td>-</td>
<td>19 165</td>
<td>13.0</td>
</tr>
<tr>
<td>Disaster prevention, preparedness and mitigation</td>
<td>19 165</td>
<td>-</td>
<td>19 165</td>
<td>13.0</td>
</tr>
<tr>
<td>Management of economic and technical change</td>
<td>12 777</td>
<td>-</td>
<td>12 777</td>
<td>9.0</td>
</tr>
<tr>
<td>Economic recovery and reconstruction</td>
<td>6 389</td>
<td>-</td>
<td>6 389</td>
<td>4.0</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td>108 605</td>
<td>-</td>
<td>108 605</td>
<td>74.0</td>
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<tr>
<td>Unprogrammed reserve</td>
<td>37 672</td>
<td>-</td>
<td>37 672</td>
<td>26.0</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>146 277</td>
<td>-</td>
<td>146 277</td>
<td>100.0</td>
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</tbody>
</table>
III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

A. UNDP-administered funds

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount (Thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCDF</td>
<td>30 000</td>
</tr>
<tr>
<td>UNSO</td>
<td>10 000</td>
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</table>

Subtotal: 40 000

B. Other United Nations resources

JCGP participating agencies

<table>
<thead>
<tr>
<th>Agency</th>
<th>Amount (Thousands of dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNFPA</td>
<td>12 000 a/</td>
</tr>
<tr>
<td>UNICEF</td>
<td>75 000 b/</td>
</tr>
<tr>
<td>WFP</td>
<td>65 472</td>
</tr>
<tr>
<td>IFAD</td>
<td>22 900</td>
</tr>
</tbody>
</table>

Other United Nations agencies (non-UNDP financed): - c/

Global Environment facility

Subtotal: 175 372

Total non-core and other United Nations resources: 215 372

C. Non-United Nations resources

TOTAL: 215 372

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a/ Envisaged earmarking subject to confirmation.

b/ Additional resources of US$ 75 million are expected but not committed.

c/ Data not yet available.
### Annex II

#### PROGRAMME MATRIX

<table>
<thead>
<tr>
<th>Area of focus a/</th>
<th>Poverty eradication and grassroots participation in development</th>
<th>Environment and natural resource management</th>
<th>Management development</th>
<th>TCDC</th>
<th>Transfer and adaptation of technology</th>
<th>WID</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>I. FOOD PRODUCTION, FOOD SECURITY AND NUTRITION</strong></td>
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<tr>
<td>Policy issues</td>
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<td>Marketing and distribution</td>
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<tr>
<td>Reduction of food</td>
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<td><strong>II. IMPROVEMENT OF THE RESOURCES POPULATION DEVELOPMENT BALANCE</strong></td>
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<tr>
<td><strong>III. CAPACITY BUILDING AND HUMAN RESOURCES DEVELOPMENT IN PUBLIC AND PRIVATE SECTORS</strong></td>
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### IV. DISASTER PREVENTION, PREPAREDNESS AND MITIGATION

- Institutional strengthening
- Macro-policy development
- Area-based development
- Relocation strategy

### V. MANAGEMENT OF ECONOMIC AND TECHNICAL CHANGE IN PUBLIC AND PRIVATE SECTOR

- Macro-level planning
- Participatory regional development
- Private sector
- Public sector review
- Aid coordination
- Domestic resources mobilization

### VI. ECONOMIC RECOVERY AND RECONSTRUCTION

- Support to production activities
- Rural/urban infrastructure development
- Credit development
- Social services rehabilitation

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a/ Asterisks indicate major linkage only.