

**Multiannual Indicative Programme
(2024-2027)**

Federal Democratic Republic of Ethiopia

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Acronyms

ACSO	Agency for Civil Society Organizations
AFOLU	Agriculture, Forestry and Other Land Use
ANC	Ante-Natal Care
CDC	Country Determined Contribution
CLIP	Country Level Implementation Plan for Gender Action Plan III
CoHA	Agreement for Lasting Peace through a Permanent Cessation of Hostilities
CRGE	Climate Resilient Green Economy
CRRF	Comprehensive Refugee Response Framework
CSO	Civil Society Organisation
D4D	Digital-for-Development
DDR	Disarmament, Demobilisation, Reintegration
DRM	Disaster Risk Management
DSA	Debt Sustainability Assessment
EFSD+	European Fund for Sustainable Development Plus
EIB	European Investment Bank
EIP	European Investment Plan
ESDP	Education Sector Development Programme
EUD	European Union Delegation
EUMS	European Union Member States
GAP III	Gender Action Plan III
GERF	Global Europe Results Framework
GDP	Gross Domestic Product
GHG	Green House Gas
GoE	Government of Ethiopia
GRF	Global Refugee Forum
HDI	Human Development Index
HDPN	Humanitarian, Development, Peace Nexus
HiAP	Health in All Policy
HSTP	Health Sector Transformation Plan
IDP	Internally Displaced People
IPPU	Industrial Processes and Product Use
MIP	Multiannual Indicative Programme
MRV	Measurement, Reporting and Verification
MSME	Micro, Small and Medium Enterprise
NAP	National Adaptation Plan of CRGE
NBS	National Biodiversity Strategy
NDC	Nationally Determined Contribution
NDICI-Global Europe	Neighbourhood, Development and International Cooperation – Global Europe
NDP	National Development Policy
NDRP	National Demobilisation and Reintegration Programme Framework
PEFA	Public Expenditure and Financial Assessment
PFM	Public Financial Management
PPP	Public-Private Partnership
3RF	Resilient Recovery and Reconstruction Framework
RPSNP	Rural Productive Safety-net Programme
SDG	Sustainable Development Goals
SOE	State-owned Enterprises
SP	Social

TEI	Team-Europe Initiative
TPLF	Tigray People's Liberation Front
TVET	Technical and Vocational Education and Training
UPSNJP	Urban Productive Safety-net and Jobs Programme
WPS	Women in Peace and Security Agenda

1. Overall Lines of EU Cooperation in Ethiopia

1.1 Basis for programming

Ethiopia remains a **key partner for the European Union** for economic, geostrategic and security reasons. There can be no stability in the Horn of Africa without a united and influential Ethiopia. Similarly, there can be no lasting regional integration, favouring trade and the development of populations, without a strong anchoring at the level of the region's central country. After two years of devastating war in northern Ethiopia, the signing of the Pretoria Cessation of Hostilities Agreement (CoHA) in November 2022 has put the country on the **road to peace and reconstruction**. While the stabilisation of Tigray is well underway, the situation is still complex and fragile, due to other open or latent conflicts that have yet to be resolved. Not to mention the conflicts outside the country that have an impact. What's more, the country is economically suffocated, with a high level of debt, public finances in deficit, and an economy that is lagging behind. And yet, the financial needs are immense for the reconstruction of the North.

As reflected by Council Conclusions of 24 April 2023, and after two years of complicated relations, there is the momentum towards gradually **normalising relations and rebuilding a mutual reinforcing partnership** with Ethiopia. This Multi-annual Indicative Programme (MIP) for 2024-2027 reaffirms the EU's commitment to work as part of Team Europe to mobilise adequate resources for Ethiopia's stability, post-conflict reconstruction and macro-economic recovery.

During the two-year war in northern Ethiopia, the EU has consistently supported the Ethiopian population. Throughout three sets of **Individual Measures**, a focus was set on the provision of basic services, the restoration of economic activities in the conflict-affected areas, and a response to acute water and food shortages triggered by climate change related weather patterns. The MIP will enable these activities to be stepped up and by delivering on Global Gateway, will gear its focus towards sustainable investments in social infrastructure (health, education and skills), as well as climate change, to respond to the country's most pressing challenges.

Through a comprehensive, integrated and differentiated response, the MIP will therefore respond to the short-term **objective of recovering, rebuilding and stabilising the North** in an alarming post-conflict situation while addressing the other two most pressing challenges facing Ethiopia in the medium and long term: i) the effect of weather patterns linked to **climate change** amplifying the cyclical and continuous shortages of water and food in large parts of the country, and ii) the **economic and therefore commercial recovery** of a country impacted by war, by COVID-19 and by the Russian aggression against Ukraine. These challenges, compounded by Ethiopia's growing youth population call for public and private investment that creates sustainable growth and decent jobs while upholding high standards to create the necessary enabling environments to enhance good governance, transparency and sustainability. **Global Gateway** will be at the heart of our response through investments in transport, (renewable) energy, digitalisation and agricultural productivity.

Against this backdrop, the MIP identifies **three priority areas** - Green Deal, Human Development and Governance and Peacebuilding - which contribute to advancing Ethiopia's development in a transformative, inclusive and forward-looking manner, taking into account strategic areas of mutual interest, while ensuring that no one is left behind. The Humanitarian-Development-Peace Nexus (HDPN) approach is an integral part of the MIP and will be promoted.

The **EU's Global Gateway strategy** becomes crucial as means to support smart and sustainable green and digital transitions, connectivity, trade and integration, economic growth and decent job creation (particularly, but not limited to, the support of sustainable agri-food

systems and productive value chains) while investing in human development and state capacity building, for mutual benefit and in the spirit of true partnership. Based on Ethiopia's key national framework policies (i.e. Ethiopia's 10-Year Development Plan (2021-2030), Homegrown Economic Reform Agenda, the Climate-Resilient Green Economy Strategy, Vision 2030: Transforming Ethiopian Food Systems, and Ethiopia's Resilient Recovery and Reconstruction Framework for 2023-2028 ("3RF")), the MIP shall tap into the entire toolbox of implementing modalities available, to mobilize internal resources and to strengthen cooperation with international partners, in particular EU Member States, through exploiting innovative financing mechanisms.

The implementation of the MIP requires an **active political and policy dialogue with the Government of Ethiopia**, which provides a framework for genuine exchanges on shared political, policy and multilateral agendas. Subject to continued progress, EU's partnership will broaden its support to national policies to stabilise and improve the overall economic, financial and trade perspectives in Ethiopia.

All actions taken under this programming exercise shall comply with EU legislation, in particular EU restrictive measures (sanctions) adopted pursuant to Article 215 of the Treaty on the Functioning of the European Union.

1.2 Status of joint programming

The overall policy framework in Ethiopia, currently characterised by parallel government policies addressing short- and medium-term goals for post-conflict recovery with a long-term development plan, is for the time being not considered conducive for a wider and long-term oriented Joint Programming effort by the EU and its Member States. The EU Delegation coordinates, however, closely and regularly with the 20 EU Member States present in Ethiopia in order to facilitate sharing of resources and implementation capacity for joint actions. The EU is currently leading two Team Europe Initiatives on Job Creation and Digitalisation (see 2.4). The implementation of the Individual Measures adopted in 2022 and 2023 also led to joint funding and cooperation with several EU Member States. The EU Delegation and EU Member States representations will continue to coordinate closely on further support to the peace process. The EU Delegation and most EU Member States are actively involved in the local 35 members coordination group (DPG) between the OECD DAC donors, the UN system and the international financing institutions, in order to coordinate sector-level programming and joint funding initiatives.

1.3 Priority areas of EU cooperation with Ethiopia

Three broad priority areas have been identified for EU support under this MIP. These are (i) the **Green Deal**, (ii) **Human Development**, and (iii) **Governance and Peacebuilding**. These priority areas provide an integrated and comprehensive response to the incidental and structural challenges faced by Ethiopia, with the aim to respond quickly to most urgent needs and focusing on support to sustained peace, reconstruction and economic recovery. They also address systemic issues which will allow the country to pursue and accelerate progress towards socio-economic and political transformation.

The **Green Deal** priority area is guided by the Global Gateway as a comprehensive response to support the transition towards agro-ecology and into global value chains by relying on sustainable energy and strengthening connectivity while building a resilient and nature-positive economy in Ethiopia. Priority will be given to policies and structural reforms to trigger innovative financing and private sector investments, narrowing the investment gap, while ensuring the highest environmental and labour standards, as well as sound financial

management. Its **Climate Change and Biodiversity** component will mainstream nature-based solutions to pursue multiple goals, such as climate change mitigation and adaptation, ecosystem preservation, food security, and disaster risk reduction, thereby building a mosaic of green and productive landscapes that improve people's livelihoods and foster environmental sustainability. The **Green Growth** component will build on the rich agricultural potential of Ethiopia in order to boost agri-food business in the most relevant value chains, to sustain growth and create decent and green jobs, enabling inclusivity while addressing also the root causes of food and nutrition insecurity in a holistic manner. The **Sustainable Energy** component will focus on actions that promote in particular renewable energy and the advancement towards universal access to affordable, reliable, sustainable and clean energy services. Complementarity from actions financed by the regional programme for Sub-Saharan Africa will be ensured, and priority will be given to potential Global Gateway flagship projects. Green Deal cooperation activities will be coordinated with and reinforce EU Climate Diplomacy efforts in order to achieve National Determined Contributions under the Paris Agreement.

The **Human Development** priority area has two components: Social Sectors and Migration/Forced Displacement, which will build on and expand the support already provided under the Individual Measures since 2022. The **Social Sectors** component will focus on actions that support the Government's efforts to reconstruct and to deliver key basic services with a specific focus on education, health and social protection. The education sector aims to support the need for increased access to quality education, in particular TVET, and greater financial resources channelled to general education, particularly at subnational level. In health the EU aims at deepening Ethiopia's commendable progress in terms of broadening access to services over the past couple of decades in combination with specific interventions to strengthen service quality and affordability, and the social determinants of health (including gender inequality). The EU will further support government and donors' joint efforts to protect vulnerable and poor segments of the population from falling into destitution while strengthening their resilience capacities against multifaceted shocks, such as drought or other hazards, also through decent employment creation, contributing to the continuous development of a country-wide social protection system. The **Migration/Forced Displacement** component will support inclusion and durable solutions for internally displaced persons (IDPs), refugees and other migrants, including sustainable reintegration for returnees, and will be fully complemented by relevant actions financed by the regional MIP for Sub-Saharan Africa. This will include support to the development of comprehensive legal and institutional frameworks and to the implementation of existing migration instruments, as well as to mainstreaming migration in various policies.

The **Governance and Peacebuilding** priority area is composed of three components: **Economic Governance, Democratic Governance and Peacebuilding**. Economic Governance is a main enabler of the Global Gateway and focuses on the transition to a private sector-led and investment-friendly economy integrated into regional and global markets and governed by efficient, inclusive and accountable systems. Democratic Governance focuses on support to (i) democracy, inclusive and participatory decision-making practices in the public domain, (ii) protection and promotion of human rights, rule of law and justice, and (iii) promotion of gender equality. Peacebuilding focuses on inclusive actions that promote social cohesion, trust, and a culture of mutual respect and dialogue among communities, peaceful resolution of conflicts between interest groups, and enhanced involvement and leadership of women, youth and minorities groups in peace building and conflict resolution processes. This includes support to transitional justice and relevant national, regional and local peace and reconciliation initiatives including the National Dialogue established in 2021. It also covers

support to the comprehensive recovery and reintegration of conflict-affected populations, including former combatants.

1.4 Justification and context

Ethiopia is a key partner for the EU in the Horn of Africa. The two years of devastating war in the North of the country ended with the Pretoria Cessation of Hostilities Agreement (CoHA) in November 2022. At the same time, other conflicts have either continued or flared up in e.g. Oromia, Benishangul-Gumuz, Amhara, Somali and Afar regions. Furthermore, instability in the Horn of Africa region poses significant security threats to Ethiopia and the region as such. This volatility has been exacerbated by the outbreak of war in Sudan in April 2023.

With this MIP, the EU will make a significant contribution to Ethiopia's rehabilitation and recovery from the past conflict, aligned with national priorities and planning. EU support recognises the importance of ensuring conflict sensitivity and a do-no-harm approach in full respect of human rights and protection considerations, on top of gender sensitivity and mainstreaming, as well as strengthening regional integration. The EU also aims to foster, to the extent possible and as the context allows, an HDPN approach to all interventions proposed on basis of this MIP as well as with other EU interventions (inter alia, actions supported by regional and thematic MIPs, rapid response actions and humanitarian actions).

Large gaps remain in achieving the Sustainable Development Goals (SDGs) in Ethiopia. Challenges such as the aftermath and impact of the COVID-19 pandemic, violent conflicts across the country, unsustainable farming and pastoral practices and repeated natural disasters, make achievement of these targets even more challenging. This MIP is intended to support Ethiopia in fast-tracking its development agenda, with a specific focus on the SDGs (including: No Poverty (SDG 1), Zero Hunger (SDG 2), Good Health and Well-being (SDG 3), Quality Education (SDG 4), Gender Equality (SDG 5), Affordable and Clean Energy (SDG 7), Decent Work and Economic Growth (SDG 8), Industry, Innovation and Infrastructure (SDG 9), Reduced Inequalities (SDG 10) Climate Action (13), Life and Land (SDG 15) and Peace, Justice and Strong Institutions (SDG 16)).

The Ethiopian economy has been severely affected for an extended period by a range of international and domestic challenges, not least the COVID-19 pandemic, the impact of the Russian war of aggression against Ukraine, and the civil war in 2020-22. The Ethiopian economy grew by about 10 percent on average in the 2010-19 decade. Growth has been slower since then, but still averaged 6 percent over the period 2020-23. Public expenditures exceed revenue, widening the fiscal gap, while government has been trying to substitute the shortfall in international grants since 2020 with domestic and alternative sources. Inflation increased from 16% in 2019 to above 30% in 2023, and debt service indicators are deteriorating. Foreign exchange management and maintenance of a government reserve above three months of import value has been increasingly challenging. Ethiopia was considered at high risk of debt distress in 2020 by an International Monetary Fund (IMF)/ World Bank (WB) Debt Sustainability Assessment (DSA). No DSA has been performed since then, but the debt situation has likely deteriorated, despite government efforts to counter this with some policy reforms, including an opening up of the banking sector and reducing public subsidies. At the same time, the process of wider economic reforms, which would also be encompassed by future IMF and WB programmes, has been stagnant, whereas the government expresses general commitment to these. The debt situation will likely need to be re-assessed substantially before IMF and WB disbursements can happen. The large share of debt owed to China could pose challenges and delays in resolving debt issues.

A major development challenge for Ethiopia is the high frequency and severity of repeated humanitarian crises related to socio-political instability, conflicts, environmental degradation, climate change and adverse weather events, bio-diversity loss, epidemics and disasters caused by (climate induced) natural hazards, coupled with a weak governmental response capacity and gender inequality. All these challenges have had significant impacts on the overall increase of economic vulnerability, entailing the erosion of agricultural production and livelihoods resulting in increased chronic and acute food insecurity and malnutrition. This has been coupled with the adoption of negative coping mechanisms among the most vulnerable households, severely increasing protection-related vulnerabilities, with extremely high levels of Gender-Based Violence (GBV) or child-protection related issues in conflict-affected areas and beyond. In addition, climate change and environmental degradation have increased displacement and vulnerability to trafficking in human beings in and outside conflict areas.

Internal displacement in Ethiopia has grown dramatically as a result of conflict, poor land management and climate change induced weather patterns. Ethiopia also hosts large refugee populations from neighbouring countries. Furthermore, Ethiopia is the main African country of origin of migrants traveling along the Eastern Route to the Gulf states. Migrants along this route tend to return after some time, but in the last few years most returns have been involuntary. Ethiopia was one of the first countries to introduce the Comprehensive Refugee Response Framework (CRRF) and ratified the ‘Kampala Convention’ on IDPs in 2020. In 2019, it adopted a new Refugee Proclamation and various directives, introducing an out-of-camp policy allowing refugees to work. Implementation of the out-of-camp policy for refugees is still very limited as is the implementation of durable solutions for IDPs.

Conflicts over land and other resources and administrative border divisions continually flare up, often pushed by leaders who compete for contested territory and governance rights. Most of Ethiopia’s major ethnic groups straddle the regional administrative borders and those of neighbouring countries, thus complicating interdependencies.

Another challenge is demographic. With an estimated 2.6% population growth and over 70% of the population below 30 years of age, a key aim for EU engagement in Ethiopia is raising employability and skills among the youth and creating decent jobs for the unemployed, underemployed, and new labour-market entrants.

Gender inequalities in cultural, social, political and economic life are widespread and deeply entrenched among significant segments of society. Strong alignment between the EU programming in this MIP and the Government of Ethiopia’s long-term goals as well as EU responsiveness to the emerging needs provides a significant opportunity for gender transformative EU engagement with Ethiopia. Gender sensitive and gender transformative programming is, therefore, highly important as a crosscutting priority. A three-pronged approach will be pursued by:

- a. Making EU engagement on gender equality more effective as a crosscutting priority, contributing to the NDICI-Global Europe target that 85% of all new actions have gender equality and women’s empowerment as their main or principal objective.
- b. Stepping up the implementation of the Gender Action Plan III, in close cooperation with EU Member States, government, local authorities, civil society, the private sector and other key stakeholders.
- c. Tackling the root causes of gender inequality and gender based violence, focusing on cultural change, ensuring government institutions move from policy to implementation, and increasing awareness through community driven action.

These three priorities will be addressed throughout the implementation of this MIP. Policy dialogue for gender equality will continue to remain an important aspect of the work of the EU Delegation, together with the EUMS. Targeted actions will support tackling the underlying reasons behind gender based violence, improving gender equality and mainstreaming at governmental entities and communities, in particular through priority area 3 – Governance and Peacebuilding.

The Human Rights and Democracy thematic programme will complement this MIP and will contribute to supporting actions, focusing in particular on supporting gender-based violence, which dramatically increased during the war in northern Ethiopia.

1.5 Duration of the MIP and option for synchronisation

This MIP serves as framework for EU cooperation with the Federal Democratic Republic of Ethiopia for the period 2024-2027. The MIP falls within the time frame for Ethiopia’s 10-Year Development Plan 2021-2030 and will contribute to its goals with the aim of providing long-term and resilience-building support as part of the Global Gateway, also in view of the attainment of Ethiopia’s SDG agenda. Additionally, this MIP proposed duration of four years is largely synchronised with Ethiopia’s Resilient Recovery and Reconstruction Plan (3RF) in response to the 2020-22 war in the north, which covers the period 2021 to 2025. Activities under this MIP in all three Priority areas will be screened against this plan.

2 EU Priority Areas and Proposals of Team Europe Initiatives

2.1 Priority Area 1 – Green Deal

The **Green Deal** priority area will combine interventions related to climate change (mitigation, adaptation and resilience), sustainable energy, and facilitate sustainable agricultural and agro-industry involvement in sustainable value chain production, digitalisation and decent and green job creation. The overall objective is to boost recovery from the Covid-19 pandemic and the civil war of 2020-22 with green growth and decent jobs. It will support farmers, the agro-forestry sector, enhance energy access and other vital services such as water supply, sanitation and nutrition services, and technical and vocational training, while fostering increased participation of women in the agro-economy and particularly in leadership positions. The EU’s Global Gateway strategy becomes crucial under this priority area as activities aim to attract the interest of the private sector and International Finance Institutions (IFIs) to invest in large infrastructure initiatives, and contribute to support the development of green financing in Ethiopia, while contributing to Ethiopia’s ambition to achieve a trajectory of climate resilient and nature-positive green growth, contributing to eco-restoration, job creation and poverty reduction, whilst fighting deforestation, biodiversity loss and the root causes of food and nutrition insecurity. Explicit consideration of gender dimensions and conflict sensitivity will inform all actions under the Green Deal, as climate change affects women disproportionately, and women make up a large part of the country’s agricultural workforce. Climate change and related environmental degradation is also a threat multiplier, which can accelerate or deepen already ongoing conflicts.

Climate Change and Biodiversity (DAC code 410 General environment protection, SDGs 13 and 15) include support for the preparation and implementation of national and sub-national plans in land and water resource management, forest development and protection, biodiversity conservation, agroecology and sustainable agro-industry, and the Country’s commitments under the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework. These

include: (i) Ethiopia's efforts to meet its NDCs to GHG emissions reduction tracking emissions with an internationally compliant MRV system, (ii) Ethiopia's contribution to the Great Green Wall Initiative, (iii) to water rights and water diplomacy, (iv) Ethiopia's efforts to implement its DRM strategy, and (v) Ethiopia's national biodiversity targets and plans aligned to the Post-2020 Global Biodiversity Framework.

Green Growth (DAC code 310 Agriculture, Forestry and Fishing and SDG 8 and 9) includes actions that: (i) contribute to strengthening sustainable food system transformation (climate-smart and deforestation-free agriculture and agro-ecology), (ii) provide direct support to selected sustainable, climate resilient and nutrition sensitive agri-food value chains, (iii) promote rapid growth in investment to support development of sustainable agri-food systems, job creation and productivity, and (iv) promote investments in sustainable infrastructure, connectivity and circular economy that enable and support green growth opportunities. Priority will be given to nature-based solutions, circularity, resource efficiency, and low-carbon growth, with attention to the needs of people displaced in the context of climate change. Wherever appropriate, research and innovation to promote adoption of sustainable agri-food system approaches adapted to the Ethiopian context will be encouraged.

Sustainable Energy (DAC code 230 Energy, SDG 7) includes support to the National Electrification Programme 2.0 to achieve universal access to electricity by 2030, and the goals elaborated in the 10-Year Development Plan to increase renewable energy generation through public-private partnerships, and to enhance the efficiency and reliability of power systems. This could be done by de-risking international investments in renewable energy generation, supporting the modernisation and digitalisation of energy systems, and fostering private-sector led approaches and investments for the development and scaling-up of off-grid, productive and energy efficient use and clean cooking solutions.

The actions above will integrate engagement with civil society throughout the project cycle. Support to civil society organisations will allow them to influence strategies on climate mitigation, adaptation, disaster risk management, sustainable management of natural resources, biodiversity and sustainable energy, at local, national and regional levels. Public Forest Management Associations, Watershed Cooperatives, and Watershed Associations will cooperate in forestry and implementation of integrated natural and environmental resource management plans. Associations and unions of producers of farm products, agro-industries and other SMEs in the value chain will cooperate in identification of opportunities and constraints, and in facilitating access to finance, inputs and markets. Youth organisations will be mobilised for environment protection and climate-change advocacy campaigns.

Under the HDPN approach, complementarities with disaster preparedness initiatives supported by humanitarian aid will be identified.

2.1.1 Specific objectives

Climate Change and Biodiversity: The first specific objective is to enhance climate change and biodiversity loss mitigation through increased achievement of Ethiopia's Nationally Determined Contribution to reduce GHG emissions and National Biodiversity Strategic objectives. The second specific objective is to reduce the impact of climate-induced disasters by ensuring implementation of the Disaster Risk Management Strategy and the National Adaptation Plan.

Green Growth: The first specific objective is to strengthen specific sustainable agri-food value chains through the introduction of smart and agro-ecological approach. The second specific objective is to create green, decent and sustainable jobs.

Sustainable Energy: The specific objective is to support the transition to a modern, sustainable, climate-resilient and efficient energy system that enable universal access to quality basic services and socio-economic opportunities.

All proposed interventions will integrate innovative and digital solutions in line with the Team Europe approach under this MIP whenever possible and appropriate, taking into account the national vision and strategy articulated in ‘Digital Ethiopia 2025 – A digital strategy for Ethiopia inclusive prosperity’.

2.1.2 Expected results

Climate Change and Biodiversity. The expected results are:

- a. Reduced GHG emissions, especially in the Agriculture, Forestry and Other Land Use (AFOLU), Industrial Processes and Product Use (IPPU), energy, water, and waste sectors.
- b. Increased application of land use planning and inclusive land management practices and resultant improvement in land administration, preservation and restoration of healthy and productive landscapes, forest cover, ecosystems, biodiversity, water resource, and more balanced urban/rural growth.
- c. Increased early and risk-informed prevention, mitigation and response to all type of disasters, including those caused by natural hazards, and increased capacities of the federal, regional and local governments and communities in DRM planning and implementation, with attention for the longer-term needs of people displaced in the context of climate change and conflict, but ensuring the adoption of a holistic multi-hazard approach, including conflict and epidemics.

Green Growth. The expected results are:

- a. Sustainable transformation in terms of increased investments in resource-efficient technology and circular business models, efficient value chains, and decent and green jobs creation.
- b. Improved governance of food system transformation towards agro-ecology, including eco-restoration.
- c. Improved sustainable infrastructure and connectivity, enabling green growth opportunities.

Sustainable Energy. The expected results are:

- a. Increased renewable energy generation financed through public-private partnerships.
- b. Increased access to affordable, modern, sustainable and clean energy services for rural households, basic services and productive and energy efficient uses.
- c. Improved climate-resilience, reliability and efficiency of energy systems.

2.1.3 Indicators – baseline and targets

Climate Change and Biodiversity

- a. Reduction of GHG emission with EU support. (GERF 2.7, SDG 12)
- b. Areas of terrestrial and freshwater ecosystems under a) protection, b) sustainable management with EU support and c) community-based management with EU support. (GERF 2.9, SDG 15)

- c. Number of direct beneficiaries of EU-funded actions in the sector, disaggregated by sex and age. (SDG 2)
- d. Number of woredas with updated risk profiles and operational prevention and contingency plans. (GERF 2.5, SDG 11)

Green Growth

- a. Extension, number or percentage of agricultural and pastoral ecosystems where nature-based sustainable management practices have been introduced with EU support (ha). (GERF 2.2, SDG 2)
- b. Dietary Diversity Score or Food Consumption Score in targeted households (with focus on women and children). (GERF 1.24, SDG 2)
- c. Number of decent green jobs supported/sustained by the EU, disaggregated by sex and age group (GERF 2.13, SDG 8)

Sustainable Energy

- a. Number of people with access to electricity with EU support through: (a) new access and (b) improved access, disaggregated by sex, age, and socio-economic status (GERF 2.3, SDG 7).
- b. Renewable energy generation capacity installed (megawatt) with EU support (GERF 2.4, SDG 7).
- c. Number of energy efficiency enhancing initiatives introduced with EU support, with digital technologies reported separately. (SDG 7)

2.1.4 Possible use of blending and guarantees for investment under EFSD+

Subject to the evolution of the macroeconomic situation, especially linked to the probable debt problems, and investment climate in Ethiopia, there exist a number of opportunities to expand the use of EFSD+ (both blending and guarantees). These include investments aiming at: (i) increasing renewable energy generation by de-risking public-private partnerships; (ii) improving access to electricity and clean cooking for rural households, social institutions and productive use through innovative financial approaches; (iii) supporting sustainable agro ecological business development; (iv) developing sustainable infrastructure (e.g. pollution/waste management, water, logistics) and connectivity that enable (agro)-industrial development; and (v) developing innovative initiatives in carbon sinks and in the green bond market in general, contributing to climate proofing of large scale projects and driving for net positive gains in emissions.

2.2 Priority Area 2 – Human Development

The **Human Development** priority area addresses equity, access to basic services, and vulnerability in the *social sectors* and concerning *migration/forced displacement*. The EU, which has been a major provider of support in social protection and health under previous MIPs, has added education to its portfolio through an Individual Measure in 2022, and will extend its commitments to 2024-2027 with a strong link to TVET and decent job creation. The 2020-2022 civil war in northern Ethiopia caused a need to rehabilitate and build new infrastructures linked to the social sectors, which will be addressed in line with the priorities set out in the Ethiopia Resilient Recovery and Reconstruction Planning Framework (2023-2028). This will in turn be a meaningful contribution to the implementation of Global Gateway.

The Social Sectors component consists of actions aligned with three main sectors:

- a. In its support to the education sector (DAC code 110 Education, SDG 4), the EU will focus on the priorities of the government's Education Sector Development Programme VI, in particular with its strategic approach to TVET. Support to TVET provides a transition from secondary education into the labour market. Actions under the MIP will combine strong policy dialogue to strengthen the TVET legal framework, coupled with TVET activities targeting value chains supported under priority area 1.
- b. The health sector (DAC code 120 Health, SDG 3) has been particularly hit by the COVID-19 pandemic and the conflict in the North. Gains of the past are at risk of being lost. Support will be in line with the Health Sector Transformation Plan II, with a focus on targeting social determinants for health in particular to ensure improvements in maternal health and child care, as well as sexual and reproductive health. Exploring the possibility for public-private partnerships and support to the reconstruction of critical health infrastructures will also be considered.
- c. EU support to social protection (DAC code 160 Other social infrastructure and services, SDG 1 and 2) will focus on system strengthening with focus on provision of social transfers including linkages with livelihood-based initiatives that seek to build resilience and socio-economic empowerment (i.e. income generation and decent job opportunities) for categories of poor and vulnerable people, as well as tackling social determinants affecting their status.

Under the HDPN approach, complementarities with humanitarian aid will be sought to ensure continuity of quality service provision and that no one is left behind. For education and health, complementarities with the Education in Emergencies and emergency health and nutrition interventions (including epidemics) will be explored. In the fields of education and youth, complementarities could also be sought with international actions implemented under the Erasmus+ programme. On social protection, the shock-responsiveness of existing systems will be monitored. The Commission, will proceed with thorough risk assessment – with specific focus on food aid potential diversion- before proposing any program/project related to food security for the period 2024-2027.

The Migration/Forced Displacement component (SDG 10) will bring together a comprehensive approach with a set of gender- and conflict-sensitive area-based actions. These will support formulation and implementation of laws, policies and strategies that substantiate, inter alia, commitments made under the Kampala Convention, the new refugee proclamation endorsed by the Ethiopian Parliament in 2019, The Global Compact on Migration (2018), the CRRF and the new pledges made under the Global Refugee Forum (GRF). They will also facilitate sustainable reintegration of returnees and address returns and irregular migration, by providing improved economic opportunities and basic services among source and host communities and fostering full inclusion of forcibly displaced and returnees into national systems and access to service delivery (i.e. water, health, education, social protection and livelihoods). Support systems and interventions for sustainable integration and reintegration of migrants and support to legal channels for migration and for the involvement of diaspora groups and the private sector are also envisaged.

Under this component, a HDPN approach will also be applied which identifies linkages with humanitarian aid programmes supporting refugees, IDPs and host communities. Engagement and participation of civil society and grassroots organisations in the human development sectors (migration, education, social protection and health) will be supported either directly or in cooperation with implementing partners.

2.2.1 Specific objectives

Social Sectors: The first specific objective is to improve equitable access, quality and internal efficiency in the delivery of basic services and social protection, with a focus on addressing their social determinants. The second specific objective is to enhance resilience of the population through social protection interventions, while fostering sustainable inclusive skills development and decent job creation.

Migration/Forced Displacement: The objective is to foster inclusion and provide forcibly displaced people with gender-sensitive sustainable solutions, and migrants and returnees with well-managed migration benefits, including sustainable reintegration.

2.2.2 Expected results

Social Sectors

- a. Greater equitable access to improved quality basic services.
- b. Increased domestic allocation and spending in basic services at federal and regional levels.
- c. Increased access to publicly funded shock-responsive social protection schemes and livelihood opportunities.

Migration/Forced Displacement

- a. An operational regulatory and policy framework, for sustainable and durable solutions for gender-sensitive and rights-based forced displacement and for legal migration, is in place and operational.
- b. Integration and reintegration initiatives for refugees, migrants, returnees, and IDPs are successfully implemented, leading to their absorption into services and social safety nets as well as the local economy via social cohesion, decent job creation, and skills development activities.
- c. Reinforced and expanded legal pathways for labour migration, at regional and international level, cater for safe and regular migration pathways, including through diaspora engagement.
- d. Increased inclusion of forcibly displaced populations in socio-economic sectors such as education (TVET), health, social protection, water, livelihoods, including access to necessary ID registration.

2.2.3 Indicators – baseline and targets

Social Sectors

- a. Proportion of pregnant women with four or more antenatal care (ANC) visits. (GERF 1.27 & 1.31, SDG 3 & 6)
- b. Percentage of domestic allocation in education, TVET and health headings of the federal and regional budget. (GERF 1.27, SDG 3 & 8)
- c. Proportion of population benefitting from social protection support, disaggregated by sex, age and disability. (GERF 2.31, SDG 1 & 2)
- d. Number of new opportunities for appropriate and sustainable livelihood enhancement, providing the chance to escape a systematic poverty trap. (GERF 1.23, SDG 1)

Migration/Forced Displacement

- a. Number of migrants, refugees, returnees and internally displaced persons or individual host community members protected or assisted with EU support, disaggregated by sex, age and socio-economic status (GERF 2.20, SDG 10).
- b. Number of beneficiaries of legal pathway initiatives and actions directly funded or co-funded by the EU, disaggregated by sex, age and socio-economic status. (GERF 1.18, SDG 10)
- c. Enhancement of local authorities' and service providers' capacity to manage migration and offer adequate services due to EU support. (SDG 10)
- d. Enhancement of authorities and service providers' capacity to document cases and to offer inclusive services to forcibly displaced persons. (GERF 1.18, SDG 10)

2.2.4 Possible use of blending and guarantees for investment under EFSD+

Social Sectors. Enhancing private sector engagement in health is identified as one of the strategic directions in the second Health Sector Transformation Plan (HSTP-II). Blending and guarantees under EFSD+ can potentially be used to encourage private investment in health and Public-Private Partnership (PPP) schemes¹.

2.3 Priority Area 3: Governance and Peacebuilding

This priority area includes support motivated by three interrelated strategic goals: (i) fulfilling basic preconditions for support in all priority areas under this MIP; (ii) promoting all human rights (civil, political, economic, social and cultural) together with a rights-based approach to sustainable development (iii) promoting gender equality. The ultimate goal is to promote the principles of participation, accountability, non-discrimination and transparency by strengthening capacity of both rights-holders and duty-bearers to respect human rights and fundamental freedoms. These, together with a stable and safe Ethiopia, are key enablers for delivering on Global Gateway in Ethiopia.

The Economic Governance (DAC code 250 Business and other services and SDG 8 and 16) component aims at supporting inclusive socio-economic development through increased engagement of the private sector in the steering of the economy, improved connectivity, increased access to finance for MSMEs, digitally enabled and efficient financial systems as well as modern and accountable public institutions. This builds in particular on the widely recognised and well-documented important role of the private sector (especially MSMEs) for sustainable development and poverty reduction, considering its key contributions to decent job creation, service provision, tax revenue generation and innovation. It will also look at impediments to foreign investments, notably from Europe.

The Democratic Governance (DAC code 151 Government and civil society, SDG 16) component of this priority area includes access to justice for all and effective, accountable and inclusive institutions. The premise for this is that the fundamental universal values of democracy, human rights, and rule of law are preconditions for sustainable development and inalienable parts of protection of human dignity. This is the more important in the context of the need to support Ethiopia in the implementation of the Cessation of Hostilities agreement, in particular its transitional justice component. Cognizant of the need to implement an adequate transitional justice process in order to minimise the likelihood of new conflicts erupting the Ministry of Justice started working (even before the end of the conflict) on a transitional justice

¹ The Ministry of Health has already conducted feasibility for PPP investment in areas including laboratory and imaging, laundry and sterilization, oncology service, and others.

policy. The EU should continue supporting rule of law institutions, in order to strengthen their capacity, thus contributing to ensure accountability for crimes committed during the conflict. Moreover, support to Ethiopian civil society in transitional justice and reconciliation could help prevent future violations and deal with the past. Gender equality should take a prominent role not only throughout the MIP, but also as a self-standing priority. Support will thus be provided to support gender mainstreaming at all levels of government, looking specifically at the delivery of services.

Peace and security (DAC Code 152 Conflict, peace and security, SDG 16) are indispensable for economic and social development, and are basic human needs and rights by themselves. The Peacebuilding component builds on the basic premise that it is much more impactful and cost-effective to prevent violence and conflicts before they break out. It will integrate the Women, Peace and Security Agenda articulated in the EU Action Plan on Women, Peace and Security (2019-2024). Capacities of the national and local governments and civil society to react swiftly and based on evidence to important and urgent needs arising will have to be strengthened in order to achieve long-lasting results, with emphasis on support to relevant national, regional and local peace and reconciliation initiatives, including the National Dialogue.

A condition for the creation of a pluralistic system of political governance is the active engagement of civil society and grassroots entities. Engagement of civil society and traditional and modern grass-roots movements is of paramount importance for the implementation of the Peacebuilding component. CSOs will receive flexible support to promote social cohesion by playing proactive roles in promotion of peace education, fight against dis/misinformation and hate speech, as well as providing relevant comprehensive services to victims of violence. To implement the WPS agenda, specific attention will be given to women's and girls' rights organisations, peacebuilding organisations, feminist organisations, and women human rights defenders.

Under the HDPN approach, the establishment of coherent linkages with humanitarian protection initiatives supported by humanitarian aid will be sought.

Under the Democratic Governance component, CSOs will receive support to increase awareness amongst the population about the rights of women and girls for quality services, in particular in health, education and justice. In addition, these and other CSOs may be supported to serve as sentries against abuse of political and economic power (such as corruption) and abuse of human rights.

2.3.1 Specific objectives

Economic Governance. The specific objective is to foster the transition to a private sector-led and investment-friendly economy integrated to regional and global markets and governed by sustainable, efficient, inclusive and accountable systems.

Democratic Governance. The specific objective is strengthening government institutions, with a focus on transitional justice and gender equality as two pre-requisites for long-lasting peace in Ethiopia.

Peacebuilding. The specific objective is to support all constituencies in Ethiopia with gender sensitive and inclusive peacebuilding, social cohesion and post-conflict interventions that build trust, provide platforms for dialogue and fight dis-/misinformation and hate speech.

2.3.2 Expected results

Economic Governance

- a. Enhanced sustainable business environment, investment climate and integration in the regional economy.
- b. Increased access to finance for MSMEs, in particular women- and youth-led enterprises.
- c. Increased and enhanced use of digital technology for the accountable management and reliable provision of quality public services to citizens.

Democratic Governance

- a. Improved transparency and accountability of democratic institutions, including oversight by the parliament and civil society.
- b. Improved capacity of criminal justice institutions, including on transitional justice matters.
- c. Gender equality mainstreamed in government institutions at federal and regional level.

Peacebuilding

- a. Prevented further conflicts and promoted trust and reconciliation through providing continuous dialogue and mediation support at all levels.
- b. Improved reliable data, platforms, mechanism and capacities of formal and traditional peace actors as well as civil society organisations so they can effectively play a role in strengthening peacebuilding and conflict prevention efforts at local, regional and national levels.
- c. Better social cohesion within the Ethiopian society is achieved through widespread and effective implementation of comprehensive recovery and reintegration of conflict-affected populations, and the promotion of peace awareness and education.

2.3.3 Indicators – baseline and targets

Economic Governance

- a. Performance of Ethiopia in the World Bank’s Business Ready (B-READY) report. (GERF 1.13, SDG 8)
- b. Number of beneficiaries (firms and individuals) with access to financial services with EU support, disaggregated for digital financial services and by sex, age and socio-economic status. (GERF 2.17, SDG 8)
- c. Number of people supported by the EU with enhanced access to digital government services disaggregated by sex, age and socio-economic status. (GERF 2.12, SDG 9).

Democratic Governance

- a. Progress made in the Democracy Index (Economist Intelligence Unit). (GERF 1.21, SDG 16)
- b. Transitional justice policy adopted and implemented in combination with parallel peace-related processes. (GERF 1.19 and 1.20, SDG 16)
- c. Percentage of regional gender focal points trained in ensuring a gender sensitive delivery of services. (GERF 1.29, SDG 5)

Peacebuilding

- a. National, regional and local peace formal and informal structures and actors in place with appropriate capacities and effective systems and tools to address conflicts and promote peace at all levels. (GERF 1.19, SDG 16)

- b. Number of peace-building, social cohesion and/or post-conflict related initiatives supported by EU. (GERF 2.23, SDG 16)
- c. Quantity and quality of support provided to conflict survivors, former combatants and conflict affected communities during their recovery and reintegration processes. (GERF 1.19 and 2.24, SDG 16)

2.3.4 Possible use of blending and guarantees for investment under EFSD+

Subject to the improvement of the macroeconomic situation, especially linked to the probable debt problems, and investment climate, there exists potential for the use of EFSD+ financing instruments to expand access to finance for MSMEs through the opening of dedicated credit lines. These could include investments aiming at: (i) de-risking investments made by DFIs in financial institutions providing loans to MSMEs, especially female and youth led; (ii) financing of early-stage development ventures implementing green and inclusive business models; (iii) providing credit facilities for agricultural enterprises to develop the export sector; (iv) providing access to financing for MSMEs/ Mid-Caps and particularly Young Businesses/”Tech” and other Start-Ups.

2.4 Proposals of Team Europe Initiatives

A joint assessment with the EU MS, conducted in 2020/2021, and subsequent consultations with national authorities, DFIs, private sector and civil society, identified job creation and digital transformation as the main areas where European partners can make a substantive impact by joining forces. In 2023 an internal reassessment, followed by a consultation with EU MS, has confirmed both initiatives as highly relevant also in the post-conflict context of Ethiopia, with several EU MS showing continued interest in joining forces.

2.4.1 Team Europe Initiative on job creation

This initiative is fully aligned with Ethiopia's national and sector plans and with the Africa-Europe Alliance for Sustainable Investment and Jobs, and the EU Communication on a new strategy with Africa. The initiative also caters for support to the mitigation of the socio-economic effects of COVID-19. Furthermore it will be linked to the regional Team Europe Initiative on the Central Mediterranean route and will address the three MIP priority areas, especially the sectors of intervention related to green growth, economic governance and migration.

Despite Ethiopia’s commitment to transition from a predominantly agrarian to a modern industrialised economy - by developing the manufacturing sector and promoting export-led growth - these have not yet brought about the expected deep structural transformation nor fundamentally changed employment patterns in the country. Moreover, labour market governance is not based on up to date labour market statistics and this does not allow the measuring of the labour market structure and employment trends. In addition, current demographics coupled with continuous high population growth and high youth unemployment rates make the initiative relevant.

The proposed TEI focuses on three interconnected priorities, which encompass the below identified areas for support:

- a. Effective employment governance, including through technical support to design a national digitalised Labour Force Survey programme for timely and up-to-date generation of labour market statistics.

- b. Sustainable and green employment intensive rural jobs, by focusing on specific sustainable agri-food system value chains with high quality employment potential (leather, agro-processing, cotton, coffee, tourism, etc.).
- c. Inclusive labour market access and decent incomes, by strengthening rural-urban linkages to support employment opportunities, especially in secondary cities and towns, and to create infrastructure and services to connect rural areas with cities, including support for integration of IDPs, returnees and refugees.

This TEI should be supported by actions financed by the three priority areas of the MIP. This is expected to be matched with additional contributions by EUMS, with a clear multiplying effect.

2.4.2 Team Europe Initiative on digital transformation

In the context of the Global Gateway, the EU is determined to advance on digital transformation and to strengthen partnerships in this respect with Africa. This partnership offers opportunities to promote fundamental values—inclusiveness, human-centric digitalisation underpinned by a rights-based approach, the responsible use of technology—and linkup to Ethiopia’s creative potential.

The interventions at country level will be complemented by regional actions, creating strong synergies. The TEI would combine the expertise of the EU and its Members States.

The following four fields of intervention have been identified.

- a. Supporting the strengthening of the relevant governance, policy and regulatory digital framework in Ethiopia.
- b. Universal access to affordable and secure broadband, by working with trusted suppliers to deploy secure mobile networks and by supporting initiatives such as the extension of the national fibre-optic backbone, data centres, energy efficient solutions, as well as to digital infrastructure of TVET programmes.
- c. Digital literacy, skills and entrepreneurship, by supporting the development of dedicated programmes to enhance curricula for computer science, skills development on e-Learning content, digital economy and digital entrepreneurship.
- d. Accelerating the adoption of e-Services for achieving the SDGs, by contributing to mainstream innovation and digitalisation across the economy and in the government in general, including digital financial services, earth observation and interoperability of the banking system.

This TEI should be supported by actions financed by the three priority areas of the MIP. This is expected to be matched with additional contributions by EU MS, with obvious leverage effect.

3 Support measures

3.1 Measures in favour of civil society

Civil society activity in Ethiopia is highly concentrated functionally (service delivery) and spatially (urban areas). Local civil society organisations are severely constrained by lack of internal capacity in all its dimensions – institutional, human and financial. The past restrictive regulatory environment has exacerbated internal impediments.

In 2019/2020, changes in the regulatory environment² improved the prospect for invigorating civil society activity and enhancing its role at all levels in the economic, social and political arena. While civic space was greatly affected by the conflict, in particular through the adoption of a state of emergency (November 2021 to February 2022), civil society organisations have re-gained space in the meantime. Subsequent government action and encouraging response by civil society is in line with EU aspiration to nurture CSOs as key partners in promoting global development agendas. Accordingly, to ensure that reforms translate into reality, this MIP will support strengthening and widening the scope of regulatory/institutional changes, in particular through priority area 3 – Governance and Peacebuilding.

Measures in support of civil society will be implemented mainly under the priority areas established for this MIP. Actions funded by the Civil Society thematic programme will complement actions financed by the MIP for Ethiopia and will aim at creating an enabling environment and providing comprehensive capacity building support, making a distinction between small, grass root organisations, and larger, well established CSOs, providing tailored support. Wherever possible, CSO projects involving research and innovation in sustainable agri-food systems with an emphasis on agro-ecological transition will be supported. Special focus on women’s organisations and youth groups, as well as organisations supporting people with disabilities (increased due to the conflict), will be ensured during the design of thematic actions. Specifically, the support will be given for creation and reinforcement of CSO platforms and strengthening their links to the regional and global CSO networks.

The Human Rights and Democracy thematic programme may also contribute to supporting CSOs and their capacity, albeit with a focus on human rights and democracy centred organisations, in full complementarity with actions funded by this MIP.

3.2 Cooperation Facility

The Cooperation Facility under this MIP aims to support the preparation, implementation, monitoring, reporting and evaluation of the European Union’s cooperation through specific actions via capacity development support and institutional capacity-building, assistance and exchange of public expertise, such as TAIEX and Twinning.

The Facility will further support policy dialogue, events, conferences, studies, possibly fellowships, and exchange platforms backing sector dialogues leading to policy reforms and engagement with governments, civil society and other stakeholders. It may support prospective HDPN activities as well as EU Joint Programming and closer cooperation between EU services and with EU Member States in a Team Europe spirit.

This facility also foresees continued support through specific interventions supporting the quality and visibility of EU-Ethiopia Cooperation including strategic communication and fight against dis/misinformation and visibility actions on EU interventions and public diplomacy, promoting EU policies and its multilateral agenda in the partner country as well as improved awareness regarding NDICI-Global Europe.

4 Financial Overview

The overall indicative amount for 2024-2027 MIP period is as shown in the table below.

² The Civil Society Proclamation 1113/2019 replaced the restrictive 2009 civil society law. This led to re-constitution of the regulatory agency as a more CSO-friendly orientation, registration of a large number of new CSOs, and broadening of mandates of many existing CSOs.

Priority Area	Amount (million EUR)	% of Total
Priority Area 1: Green Deal	260	40%
Priority Area 2: Human Development	228	35%
Priority Area 3: Governance and Peacebuilding	156	24%
Support measures	6	1%
Total indicative amount for the period 2024-2027	650	100%

5. Annexes

5.1 Intervention framework

<p>Priority Area: Green Deal</p> <p>Sector: Climate Change and biodiversity</p> <p>Specific objective: To enhance climate change and biodiversity loss mitigation through increased achievement of Ethiopia’s Nationally Determined Contribution to reduce GHG emissions and National Biodiversity Strategic objectives, and the second specific objective is to reduce the impact of climate-induced disasters by ensuring implementation of the Disaster Risk Management Strategy and the National Adaptation Plan.</p>			
Expected Results	Indicators	Baseline	Target
<p>a. Reduced GHG emissions, especially in the Agriculture, Forestry and Other Land Use (AFOLU), Industrial Processes and Product Use (IPPU), energy, water, and waste sectors.</p> <p>b. Increased application of land use planning and inclusive land management practices and resultant improvement in land administration, preservation and restoration of healthy and productive landscapes, forest cover, ecosystems, biodiversity, water resource, and more balanced urban/rural growth.</p> <p>c. Increased early and risk-informed prevention, mitigation and response to all type of disasters, including those caused by natural hazards, and increased capacities of the federal, regional and local governments and communities in DRM planning and implementation, with attention for the longer-term needs of people displaced in the context of climate change and conflict, but ensuring the adoption of a holistic multi-hazard approach, including conflict and epidemics.</p>	<p>e. Reduction of GHG emission with EU support.</p> <p>f. Areas of terrestrial and freshwater ecosystems under a) protection, b) sustainable management with EU support and c) community-based management with EU support.</p> <p>g. Number of direct beneficiaries of EU-funded actions in the sector, disaggregated by sex and age.</p> <p>h. Number of woredas with updated risk profiles and operational prevention and contingency plans.</p>	<p>TBD</p>	<p>TBD</p>

Priority Area: Green Deal			
Sector: Green Growth			
Specific objective: To strengthen specific sustainable agri-food value chains through the introduction of smart and agro-ecological approach, and the second one to create green, decent and sustainable jobs.			
Expected Results	Indicators	Baseline	Target
<ul style="list-style-type: none"> d. Sustainable transformation in terms of increased investments in resource-efficient technology and circular business models, efficient value chains, and decent and green jobs creation. e. Improved governance of food system transformation towards agro-ecology, including eco-restoration. f. Improved sustainable infrastructure and connectivity, enabling green growth opportunities. 	<ul style="list-style-type: none"> d. Extension, number or percentage of agricultural and pastoral ecosystems where nature-based sustainable management practices have been introduced with EU support (ha) (EURF 2, SDG 2). e. Dietary Diversity Score or Food Consumption Score in targeted households (with focus on women and children). f. Number of decent green jobs supported/sustained by the EU, disaggregated by sex and age group (EURF 13, SDG 8) 	TBD	TBD

Priority Area: Green Deal			
Sector: Sustainable Energy			
Specific objective: To support the transition to a modern, sustainable, climate-resilient and efficient energy system that enable universal access to quality basic services and socio-economic opportunities.			
Expected Results	Indicators	Baseline	Target
<ul style="list-style-type: none"> d. Increased renewable energy generation financed through public-private partnerships. 	<ul style="list-style-type: none"> d. Number of people with access to electricity with EU support through: (a) new access and (b) improved 	TBD	TBD

<p>e. Increased access to affordable, modern, sustainable and clean energy services for rural households, basic services and productive uses.</p> <p>f. Improved climate-resilience, reliability and efficiency of energy systems.</p>	<p>access, disaggregated by sex, age, and socio-economic status (EURF 3, SDG 7).</p> <p>e. Renewable energy generation capacity installed (megawatt) with EU support (EURF 4, SDG 7).</p> <p>f. Number of energy efficiency enhancing initiatives introduced with EU support, with digital technologies reported separately.</p>		
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<p>Priority Area: Human Development</p>			
<p>Sector: Social Sectors</p>			
<p>Specific objective: To improve equitable access, quality and internal efficiency in the delivery of basic services and social protection, with a focus on addressing their social determinants, and the second specific objective is to enhance resilience of the population through social protection interventions, while at the same time fostering sustainable inclusive skills development and employment creation.</p>			
Expected Results	Indicators	Baseline	Target
<p>e. Greater equitable access to improved quality basic services.</p> <p>f. Increased domestic allocation and spending in basic services at federal and regional levels.</p> <p>g. Increased access to publicly funded shock-responsive social protection schemes and livelihood opportunities.</p>	<p>e. Proportion of pregnant women with four or more antenatal care (ANC) visits.</p> <p>f. Percentage of domestic allocation in education, TVET and health headings of the federal and regional budget.</p> <p>g. Proportion of population benefitting from social protection support, disaggregated by sex, age and disability.</p> <p>h. Number of new opportunities for appropriate and sustainable livelihood enhancement, providing the chance to escape a systematic poverty trap.</p>	TBD	TBD

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<p>Priority Area: Human Development</p> <p>Sector: Migration/Forced Displacement</p> <p>Specific objective: To foster inclusion and provide forcibly displaced people with gender-sensitive sustainable solutions, and migrants and returnees with well-managed migration benefits, including sustainable reintegration, in line with the regional Team Europe Initiative on the Central Mediterranean route.</p>			
Expected Results	Indicators	Baseline	Target
<ul style="list-style-type: none"> e. An enabling regulatory and policy framework, for sustainable and durable solutions for gender-sensitive and rights-based forced displacement and for legal migration (in line with the TEI on job creation), is in place and operational. f. Integration and reintegration initiatives for refugees, migrants, returnees, and IDPs are successfully implemented, leading to their absorption into services and social safety nets as well as the local economy via social cohesion, job creation (see: TEI on job creation), and skills development activities. g. Reinforced and expanded legal pathways for labour migration (see TEI on job creation), at regional and international level, cater for safe and regular migration pathways, including through diaspora engagement. h. Increased inclusion of forcibly displaced populations in socio-economic sectors such as education (TVET), health, social protection, water, livelihoods, including access to necessary ID registration. 	<ul style="list-style-type: none"> e. Number of migrants, refugees, returnees and internally displaced persons or individual host community members protected or assisted with EU support, disaggregated by sex, age and socio-economic status. f. Number of beneficiaries of legal pathway initiatives and actions directly funded or co-funded by the EU, disaggregated by sex, age and socio-economic status. g. Enhancement of local authorities' and service providers' capacity to manage migration and offer adequate services due to EU support. h. Enhancement of authorities and service providers' capacity to document cases and to offer inclusive services to forcibly displaced persons. 	TBD	TBD

Priority Area: Governance &Peacebuilding			
Sector: Economic Governance			
Specific objective: To foster the transition to a private sector-led and investment-friendly economy integrated to regional and global markets and governed by sustainable, efficient, inclusive and accountable systems.			
Expected Results	Indicators	Baseline	Target
<ul style="list-style-type: none"> d. Enhanced sustainable business environment, investment climate and integration in the regional economy. e. Increased access to finance for MSMEs, in particular women- and youth-led enterprises. f. Increased and enhanced use of digital technology for the accountable management and reliable provision of quality public services to citizens. 	<ul style="list-style-type: none"> d. Performance of Ethiopia in the World Bank’s Business Ready (B-READY) report. e. Number of beneficiaries (firms and individuals) with access to financial services with EU support, disaggregated for digital financial services and by sex, age and socio-economic status. (EURF 17, SDG 8). f. Number of people supported by the EU with enhanced access to digital government services disaggregated by sex, age and socio-economic status. (EURF 12, SDG 9). 	TBD	TBD

Priority Area: Governance &Peacebuilding			
Sector: Democratic Governance			
Specific objective: Strengthening government institutions, with a focus on transitional justice and gender equality as two pre-requisites for long-lasting peace in Ethiopia.			
Expected Results	Indicators	Baseline	Target

<ul style="list-style-type: none"> d. Improved transparency and accountability of democratic institutions, including oversight by the parliament and civil society. e. Improved capacity of criminal justice institutions, including on transitional justice matters. f. Gender equality mainstreamed in government institutions at federal and regional level. 	<ul style="list-style-type: none"> d. Progress made in the Democracy Index (Economist Intelligence Unit). e. Transitional justice policy adopted and implemented in combination with parallel peace-related processes. f. Percentage of regional gender focal points trained in ensuring a gender sensitive delivery of services. 	<p>TBD</p>	<p>TBD</p>
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Priority Area: Governance & Peacebuilding			
Sector: Peacebuilding			
Specific objective: To support all constituencies in Ethiopia with gender sensitive and inclusive peacebuilding, social cohesion and post-conflict interventions that build trust, provide platforms for dialogue and fight dis-/misinformation and hate speech.			
Expected Results	Indicators	Baseline	Target
<ul style="list-style-type: none"> d. Prevented further conflicts and promoted trust and reconciliation through providing continuous dialogue and mediation support at all levels. e. Improved reliable data, platforms, mechanism and capacities of formal and traditional peace actors as well as civil society organisations so they can effectively play a role in strengthening peacebuilding and conflict prevention efforts at local, regional and national levels. f. Better social cohesion within the Ethiopian society is achieved through widespread and effective implementation of comprehensive recovery and reintegration of conflict-affected populations, and the promotion of peace awareness and education. 	<ul style="list-style-type: none"> d. National, regional and local peace formal and informal structures and actors in place with appropriate capacities and effective systems and tools to address conflicts and promote peace at all levels. e. Number of peace-building, social cohesion and/or post-conflict related initiatives supported by EU. f. Quantity and quality of support provided to conflict survivors, former combatants and conflict affected communities during their recovery and reintegration processes. 	TBD	TBD

5.2 Current indicative allocations of donor resource by sector

Annex Table: External financing to Ethiopia by sector and donor group, fiscal year 2021/2022 and 2017/18-2021/2022

DAC Sector	5-year total		5-year financing by donor group				FY 2021/2022		FY 2021/2022 financing by donor group			
	USD	Share	EU	Bilateral	UNG	IFIs	USD	Share	EU	Bilateral	UNG	IFIs
Agriculture	4228.5	17.3	162.1	1825.1	192.4	2048.9	676.6	17.2	4	162.1	15.6	494.9
Banking and financial services	284.5	1.2	0.0	11.5	0.2	272.8	59.3	1.5	0.0	5.3	0.2	53.8
Business and other services	21.6	0.09	2.2	19.4	0.0	0.0	8.8	0.2	4.4	4.4	0.0	0.0
Commodity aid & general progr. assist.	2722.1	11.1	8.1	428.9	0.0	2285.1	5.6	0.2	5.6	0.0	0.00	0.00
Communications	13.1	0.05	0.0	12.2	0.02	0.9	10.6	0.3	00	9.7	0.01	0.9
Construction	0	0.0	0.0	0.0	0.0	0.0	0	0.0	0.0	0.0	0.0	0.0
Education	915.6	3.7	0.0	390.1	86.7	438.8	149.1	3.8	0.0	44	18.6	86.5
Emergency assistance & reconstruction	3340.9	13.6	243.6	3018.1	79.2	0.00	585.3	14.9	13	545.6	26.7	0.0
Energy generation and supply	2046.5	8.4	17.7	936	2.6	1090.2	374.8	9.5	4.3	62.1	0.1	308.3
Fishing	9.5	0.0	0.0	00	0.0	9.5	0.9	0.03	0.0	0.0	0.0	0.9
Forestry	190.7	0.8	0.0	31.7	87.9	71.1	24.1	0.6	0.0	7.6	10.2	6.3
government and civil society	327.3	1.3	49.3	253.7	0.5	23.8	71.3	1.8	11.1	58.8	0.0	1.4
Health	2501	10.2	157.4	1384.9	561.2	397.5	342.9	8.7	10.5	151.1	84.2	97.1
Industry	593.5	2.4	7.5	137.01	39.3	409.7	59.4	1.5	0.7	14.54	23.6	20.6

Mineral resources and mining	16.6	0.07	0.0	8.1	0.0	8.51	2.6	0.07	0.0	1.33	0.0	1.3
Multisector/cross-cutting	5096.3	20.8	49	348.5	2576	2122.8	475.1	12	9.9	50.8	232.7	181.7
Other social infrastructure & services	362.2	1.5	42.3	25.1	21.7	273.1	120	3	8.7	4.8	64.4	42.1
Population and reproductive health	17.4	0.07	0.0	7.8	9.6	0.0	69.9	1.8	0.0	47.4	22.5	0.0
Support to NGOs	1.3	0	0.0	1.3	0.0	0.0	0	0	0.0	0.0	0.0	0.0
Tourism	0.4	0	0.0	0.0	0.4	0.0	0	0	0.0	0.0	0.0	0.0
Trade policy and regulations	171.8	0.7	4.6	5.3	83.4	78.5	65.1	1.7	1.4	3	31.1	29.6
Transport and storage	824.1	3.4	0.5	15.1	0.5	808	653	16.6	133.6	281.3	0.1	238
Water supply and sanitation	807.2	3.3	6.4	240	122.4	438.4	182.2	4.6	0.0	25.9	33.3	123
Unallocated/unspecified	10	0.02	9.6	0.40	0.0	0.0	0	0	0.0	0.0	0.0	0.0
Total	24502.1	100.0	760.3	9100.2	3864	10777.6	3936.68	100.0	207.2	1479.8	563.3	1686.4

Source: Ministry of Finance (2023) Aid Management Database.