



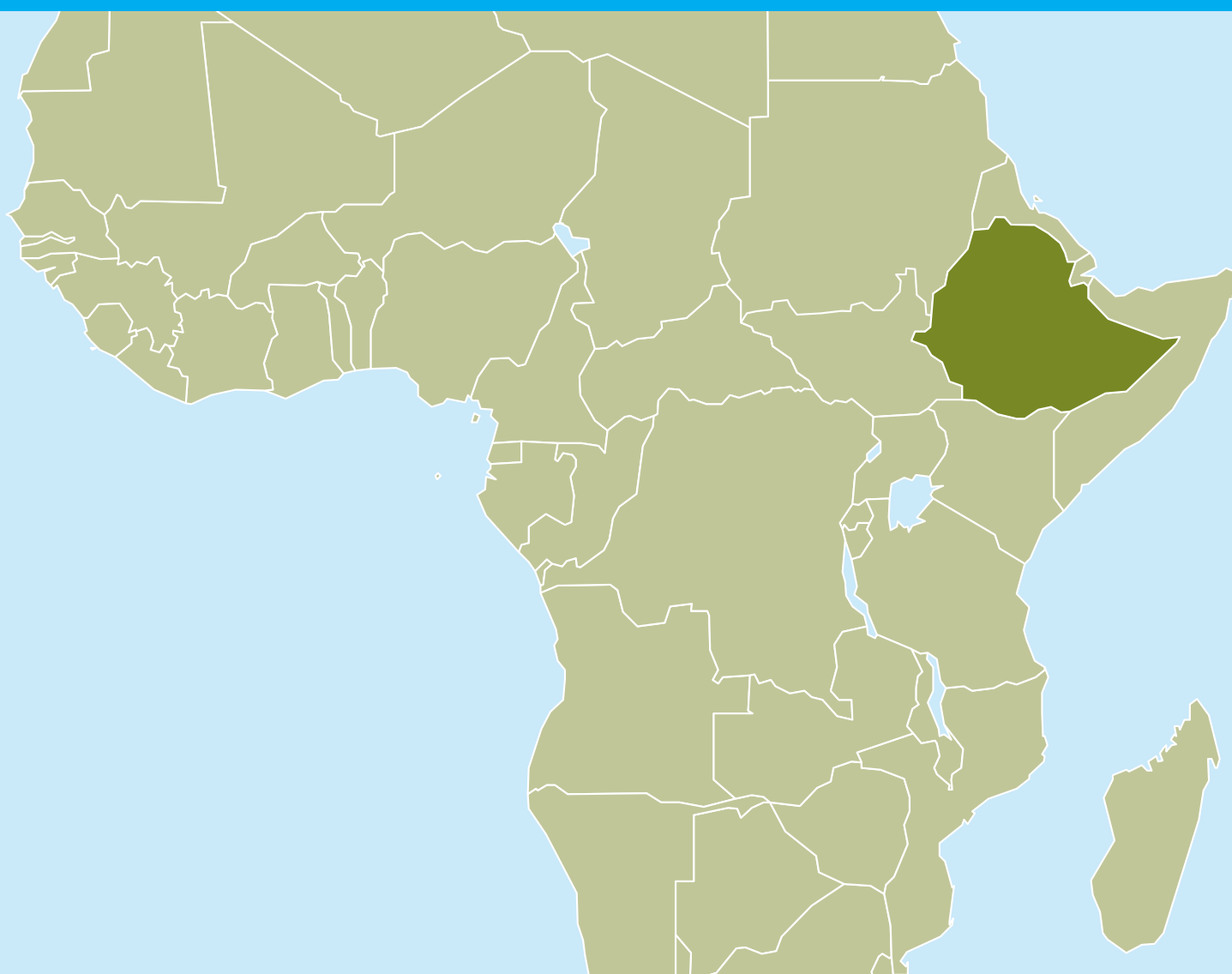
Kingdom of the Netherlands

Multi-Annual Strategic Plan

2014 - 2017

Ethiopia

Mali Benin Ghana Ethiopia Horn of Africa South Sudan Kenya Rwanda Burundi Uganda Grote meren Mozambique Palestinian Territory Yemen Afghanistan Bangladesh





**Multi-Annual Strategic Plan 2014 - 2017
Embassy of the Kingdom of the Netherlands in Addis Ababa and
Permanent Representation to the African Union**

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In this revised Multi-Annual Strategic Plan (MASP), the principles of the policy paper "A world to gain: a new agenda for aid, trade and investments" have been elaborated. The MASP applies for a period of four years (2014-2017), but interim adjustments are possible: for example, in the case of major political or other changes, or to improve alignment of Dutch initiatives with the EU Joint Programming.

1. Management summary

The implementation of Multi-Annual Strategic Plan (MASP) 2012-2015 has, in the first two years, shown some good results/achievements in the areas of food security, sexual and reproductive health and rights (SRHR) and also in integrating the aid and trade agenda. However all in all it is 'work in progress' and continued commitment is needed in the coming years. Regarding the newly started thematic priority 'Security and Rule of Law' it has been difficult to identify implementing partners and more time is needed to show results.

The orientation in this new MASP 2013-2017 is based on our past experience, the new policy priorities and certain strategic considerations. We want to build on the strong commitment of the government of Ethiopia to poverty reduction, inclusive growth and socio-economic development. In spite of the stable political environment in Ethiopia, we see that growth is slowing down and certain reforms are needed to address some obstacles of the business climate and to create a vibrant private sector.

In the present context we reconfirm that the choice for the three sectors food security, SRHR and Security & Rule of Law is still very relevant and will be continued. However, as a consequence of the new policy priorities, the focus in the area of 'Security and Rule of Law' will be somewhat different. A closer link will be established with the other thematic priorities (food security, SRGR) and with the trade agenda (through improved business climate). This will benefit Dutch companies and at the same time the coherence of our efforts in Ethiopia will be strengthened.

In spite of good results of the government of Ethiopia in terms of inclusive development and improving socio-economic indicators, Ethiopia will remain a very poor country by any standard for years to come. It is highly unlikely that the status of lower middle-income status will be reached in 2025 (GoE target). Development cooperation will still be needed for the coming 10-15 years, while at the same time intensifying activities in the economic domain and looking for increased synergy between 'aid and trade'. The strategic review of the National Indicative Program (2016) will be based on the performance of the Growth and Transformation Plan (GTP) and will provide an objective basis for the timing of the 'transition period'.

A relative big number of Dutch companies are active in Ethiopia. There are promising possibilities for further expansion. The Embassy is looking to strengthen the interphase between in particular its food security program and trade opportunities; to fully utilize the availability of private sector tools for this aim; to assist in an adequate manner Dutch companies, and work on the necessary improvement of the business climate being one of the intended core activities of this Embassy.

2. Review of MASP 2012-2015

Although the MASP 2012-2015 is still 'work in progress', some achievements are mentioned below. For the thematic priorities 'Food Security' and 'SRHR' this is more obvious than for the relatively new thematic priority 'Security and Rule of Law' where it proved to be more difficult to identify adequate implementing partners.

Food security

- (1) *Reduce household vulnerability, improve resilience to shocks and promote community-based nutrition in food insecure areas of rural Ethiopia.* Through the Productive Safety Net Program (PSNP), an increased self-sufficiency was achieved, as well as improved nutritional status and progress on governance aspects. 'Graduation' results have been to a certain extent promising, reducing the number of PSNP beneficiaries from 7.8 million in 2009/2010 to 6.9 million in 2012/2013. Given the size and the fragility of the targeted areas, it is expected that safety net activities will remain necessary in the coming decade.
- (2) *Increase agricultural productivity and market access in surplus producing areas with increased participation of women and youth.* The Embassy was instrumental in setting up the Rural Economic Development and Food Security joint donor Sector Working Group with its flagship Agricultural Growth Project. Good results have been achieved in the Integrated Seed Sector Development project enabling the production of more than 18.000 tons of quality seed through local seed businesses. In addition, the Agricultural Growth Project and the aligned agricultural research and capacity building project CASCAPE are gaining momentum. Though efforts are better coordinated than before, agricultural productivity growth still lags behind government targets, mainly due to an inefficient input supply and extension system.
- (3) *Increase the competitiveness and business climate for a number of agribusiness subsectors.* Two public private partnerships in the fields of horticulture and oilseeds were established. Results were achieved in the development of a Code of Practice for the Floriculture sector, widespread adoption of integrated pest management and initial exports of linseed to the EU. In addition, the number of agribusiness companies supported by the Embassy, and the recently established Agribusiness Support Facility (ABSF) and Ethiopian Netherlands Business Association (ENLBA) increased substantially.

SRHR

- Progress in the Millennium Development Goal (MDG) health indicators is still impressive; in September 2013 a UN study revealed that Ethiopia has reduced the under-five mortality with two thirds and thus achieved MDG 4 (however, still one out of 15 children dies under the age of 5). The MDG-Performance Fund plays a major role in strengthening the health sector and thus achieving the health objectives. Over the last two years the number of donors contributing to the MDG-Performance Fund has increased to ten. The Embassy joined the fund in 2012 and thus supported further alignment and harmonisation. The increased number of donor agencies in the fund has improved the policy dialogue with the Federal Ministry of Health.
- Improving the referral system and lowering maternal mortality in the country remains a challenge. The Maternal Mortality Ratio is still very high (estimated at 676 per 100,000 live births) and does not show much progress. The 2013 Mid-Term Review of the Health Sector Development Plan revealed that 90% of the deliveries continue to be at home and supported by unskilled attendants. Despite the major contribution by social marketing organisation DKT (funded by the Embassy), the unmet need for contraceptives is still 25%.
- The Ministry of Health is in the process of being restructured. Further integration of a number of special departments (like the HIV/AIDS Prevention and Control Office) is envisaged. The Embassy has been very active in linking various actors in order to avoid duplication and strengthen integration.
- Clinical services provided by civil society organizations (CSOs) and the private sector (amongst others supported by partner of the Embassy, Marie Stopes International) face additional challenges as a result of new legislation. These services however are of major importance in order to provide (amongst others) safe abortion and other SRHR services.
- The Embassy continues to be the frontrunner in discussing and supporting activities related to sensitive topics like abortion and youth and adolescent sexual and reproductive health.

- In September 2013 the Government of Ethiopia launched the One WASH National Program. The sector will move away from small-scale project funding towards a broader sector-wide approach. This seven year program has a total funding requirement of 2.41 billion USD (of which 68% is already available).

Security and Rule of Law

- Progress was made in training and capacity building for judges and prosecutors to improve understanding and implementation of existing laws. Training turns out to be one of the activities that can be undertaken with agreement of the authorities, but of course much more needs to be done.
- CSOs continued to be significantly hindered from working on governance, democratization and human rights issues, including gender, due to restrictions in the law on accessing foreign funds.
- The National Ombudsman and the Ethiopian Human Rights Commission (EHRC) improved their performance. EHRC wrote a National Human Rights Action plan, which has been approved by the Ethiopian parliament. Implementation depends highly on willingness of the government bodies involved.

Trade/investment

- The Embassy played an active role in advising and supporting Dutch companies and has attracted new Dutch and other foreign investors. Since 2004 over 50 Dutch companies started joint ventures in Ethiopia, bringing the total of Dutch companies to about 80.
- Regarding improvement of the business climate, the Embassy has contributed by commissioning an inventory of obstacles for Dutch horticulture companies. This inventory was shared with the Prime Minister and later discussed with a number of Ministers. A regular dialogue between Dutch companies and the Ethiopian Revenue and Customs Authority (ERCA) was facilitated, which helped to address several company-issues in a very straight forward manner. Also collaboration was established between ERCA and the Dutch *Belastingdienst* on 'risk based checks' and the 'Authorized Economic Operator system'.

Regional

- The African Union's capacity to implement the continental peace and security agenda was enhanced. A start was made with support to the Intergovernmental Authority on Development (IGAD) to implement its regional security sector program.

Observations relevant for MASP 2014-17

- There is a need for greater coherence, in particular in the food security portfolio, but also between the three sectors.
- In the Security and Rule of Law portfolio the Ethiopian context needs to be taken into account; activities in 'Rule of Law' will be more effective when at the same time supporting the other sectors (food security and SRHR) and the aid/trade agenda.
- The role of the Embassy as frontrunner in SRHR can be better defined; a sharper focus on activities where the Embassy can make a difference is needed.
- Looking for more synergy between delegated funds and central funds.

3. Country Analysis

The analysis of the MASP 2012-2015 is still largely valid. In this text only certain considerations will be highlighted, which are relevant for the choices made in this MASP:

The government of Ethiopia is committed and has achieved good results in terms of economic growth, expanded physical infrastructure and impressive progress in socio-economic indicators, however, growth has now slowed down.

- The 'developmental state' model has realised successes in terms of economic growth and expanding physical infrastructure. But growth is now levelling off and with the present figures the targets of the Ethiopian Growth and Transformation Plan (GTP) will not be met. Certain obstacles in the business climate (such as the lack of credit, the very basic trade-

logistics system and an underdeveloped telecommunications sector) have become manifest and also affect Dutch companies.

- Strong government commitment to poverty reduction and social inclusion has resulted in impressive progress towards achieving the MDGs (MDG 4 on child mortality has been met). Other MDG's, such as improving maternal health and sanitation are more challenging and require further investments and institutional strengthening. Early marriage is still common practice and also contributes significantly to high population growth.
- A substantial increase in food production has been realised (a bumper harvest is expected in 2013), but access to food is still problematic for parts of the population. Malnutrition is decreasing, but still widespread. Agricultural growth and agro-industry (supported by the expansion of infrastructure) will also need to absorb small farmers into the commercial economy.

Performance in governance/Rule of Law is mixed: a strong government creates stability, but democratic space is limited, the human rights record is mixed and lack of transparency/ red tape have a negative influence on the business climate.

- Especially in view of the institutional weaknesses, the smooth transition of power and continued stability after the sudden death of the previous prime minister Meles Zenawi (who was seen as holding the nation together), is certainly a great achievement. While it is recognized that stability in itself does not automatically lead to development, a certain level of political stability is an essential prerequisite for sustained economic development and poverty reduction. Given its violent history, this certainly holds true for Ethiopia.
- The strong links between the government and the party contribute further to an already limited democratic space (opposition, media, civil society). Lack of transparency and accountability in combination with the heavy bureaucracy and inconsistency in regulations is not conducive for attracting investment.
- The human rights picture is mixed: on the one hand, commitment to social- and economic rights remains strong, but on the other hand democratic culture and civic rights are not keeping pace with social and economic development. This also results in a difference of the government of Ethiopia's attitude towards CSOs active in socio-economic areas, compared to CSOs with an advocacy-agenda (who are restricted by the 2009 CSO-legislation).

Ethiopia's foreign policy contributes to stability in the region. Ethiopia is a stable country in a turbulent region and takes its international responsibilities seriously: as host nation (and current chair) of the AU, in IGAD but also in diplomatic initiatives in the region (Somalia, Sudan/South Sudan). Relations with Eritrea remain frozen. Ethiopia is the top African troop contributor to (AU- and UN) peacekeeping operations (see also the regional MASP for the Horn of Africa).

The consequences of these three considerations for the revised MASP are:

- Full recognition of the importance of stability (country, region) as an important precondition for development.
- The choice for the three sectors (MASP 2012-2015) Food Security, SRHR and Security & Rule of Law is still very relevant and will be continued.
- Within the Security & Rule of Law program, the focus and modalities will be partly different: 1) continued support – in cooperation with other partners – to enhance democratic space, security and a functioning legal system, and 2) contribute to an improved business climate linked to the trade agenda of this Embassy (and the other thematic priorities). In this way Dutch companies, as well the other Embassy programs, will benefit from the activities in the area of Security& Rule of Law.

It is within the context of the latter that the Embassy intends to organize a seminar in Ethiopia on the question: "What would be an appropriate governance agenda for a developmental state like Ethiopia?", in cooperation with the Dutch funded research project 'Developmental Regimes in Africa' (DRA) implemented by the Overseas Development Institute (ODI), based on project's findings and earlier research projects like Tracking Development and the Africa Power and Politics Program. It is understood that the Embassy in Kigali is considering something likewise for Rwanda.

4. Objectives, Results, Activities and Risk

4.1 Long-term view

Over the past years Ethiopia has achieved high economic growth and made considerable progress in achieving a number of the Millennium Development Goals. The country's growth strategy with its emphasis on agricultural transformation and a strong expansion of public investment has delivered impressive results ('developmental state' model). In the medium term it is most likely that significant changes in Ethiopia's economy will take place. There will be more economic growth in industrial sectors (light manufacturing, mining) and agriculture (fruits and vegetables, flowers, sesame) and to a lesser degree in services. In addition, the rate of urbanization will increase, putting additional pressure on cities like Addis Ababa, Nazareth and Hawassa.

Still, in the foreseeable future Ethiopia will remain by any standard a poor and predominantly rural society. It is highly unlikely that Ethiopia will actually achieve the lower middle-income status in 2025 (as is the ambition of the government). Therefore development cooperation will still be needed for the coming 10-15 years, while at the same time intensifying activities in the economic domain. The strategic review of the National Indicative Program (2016), based on the performance of the GTP, will provide useful data for the timing of the transition period.

The capacity to implement the ambitious developmental agenda of the Ethiopian government is often lacking. Moreover, the high level of public investment has, to a certain extent, put constraints on the development of the private sector. It is to be expected that public investment will remain a key element of Ethiopia's growth strategy. A strong and vibrant private sector would eventually be needed to sustain the current high growth. Therefore, it appears – as indicated by, among others, the World Bank and IMF – that in the near future the balance between public and private sectors might have to be readjusted. Climate change is another factor that can hinder Ethiopia's middle income ambitions. Climate change is already impacting Ethiopia and it is estimated that it could result in reducing the gross domestic product (GDP) by 3-10% by 2025 with projections of increasingly erratic rainfall and an increase in temperatures of 1.1-3.1 C by the 2060s.

It is against this background that the relationship between Ethiopia and the Netherlands in terms of development and economic cooperation will have to be considered. On one hand, in addition to the size of the Ethiopian market and natural circumstances, the obvious commitment of the Ethiopian authorities to develop their country based primarily on transformation of the agricultural sector, offers opportunities for intensified economic cooperation in a number of agribusiness subsectors. On the other hand, there are quite a number of obstacles for private sector development. The most important ones: business climate (sudden changes in and unclear and inconsistent application of regulations, business licensing/registration problems, tax system issues etc.), limited access to finance (in particular for small and medium enterprises and smallholder growth) and trade logistics/trade facilitation (delays in customs clearance, poor road access etc.). As the related policies of the government have a strong ideological component, to change them is ultimately a political decision. Therefore, they have to be first and foremost discussed with the government at a political level, preferably multilaterally.

The capacity constraints at all levels in the public as well the private sector, in conjunction with the continued existence of large groups in Ethiopian societies which need and will need additional support to escape the 'poverty trap', will also in the coming years require a substantial development cooperation component as part of the Netherlands involvement in this country. Ethiopia is no (or not yet) Vietnam nor Ghana, for that matter¹.

¹ To further elaborate on the continued importance of the aid relationship: Ethiopia remains a country of widespread poverty and chronic food insecurity. Ethiopia is in the top-15 of least developed countries of the world (Ranks 173 out of 186 of the Human Development Index, 2012). In 2012 alone, more than 6 million Ethiopians required food assistance for at least 3 months per year. This number excludes the more regional problems in the Horn which still regularly requires additional emergency assistance.

Thematic priorities

The three thematic priorities as identified in the MASP 2012-2015 will be maintained: Food Security, Sexual and Reproductive Health and Rights, and Security and Rule of Law.

4.2 Food Security

Objective

In 2017 Ethiopia will have achieved increased food security and agricultural growth; Ethiopians will have better access to more and more nutritious food.

Overall, the longer term trends still justify the Embassy's current Food Security approach: (1) supporting the most food insecure households and improving resilience to shocks, both through relatively large food/cash for work and community based nutrition programs, (2) contributing to broad-based inclusive agricultural growth for surplus producing households enabling the transition to country-wide food security, and (3) enabling trade and investment through support to the emerging agribusiness sector. A gradual shift (both in activities and resources) will be made, from food security to agricultural growth and from agricultural growth to agribusiness aid to transition; and from transition to trade (see 4.1 long term view).

The following activities are under implementation or envisaged:

1) Activities to reduce household vulnerability in food insecure areas

The Embassy will continue to provide support to the *Productive Safety Net Program* (PSNP). This multi-donor program provides, during a part of the year, food and cash support to 6.9 million people. The aim is to reduce this number significantly through public works activities (like reforestation and soil and water conservation activities) that contribute to disaster risk reduction and climate change adaptation, asset building and increased market access. To this end the Embassy will continue to contribute to this program. In addition, community-based nutrition will be supported in selected districts to increase crop diversity and a nutritional diet for vulnerable households. Expected results are: (1) a marked reduction in the number of people dependent on food aid and safety net-related services; (2) a substantially reduced percentage of malnourished children under five years old.

2) Activities to increase agricultural productivity and market access in surplus producing areas

The Embassy will continue its support to the *Agricultural Growth Program* (AGP). This multi-donor program aims at improving the capacity of service providers (especially the extension system) and farmers' organizations to scale up best practices in production and processing with special attention for women and youth. In addition, support is provided to the construction, rehabilitation and management of small-scale rural infrastructure (irrigation and roads). In order to improve the effectiveness of the agricultural growth strategy, the Netherlands supports two innovative, aligned projects: (1) to strengthen the capacity for evidence-based up-scaling of best-fit practices (CASCAPE); and (2) to increase the capacity for the design and management of small-scale and micro-irrigation works (Small Scale Irrigation Project). Finally, the Embassy supports the *Agricultural Transformation Agency* (ATA) which is tasked to remove systemic bottlenecks for agricultural growth.

3) Activities to increase the competitiveness of specific agribusiness subsectors

The Embassy will continue in four agricultural subsectors: horticulture, dairy, seeds and sesame. In these sectors a value chain approach will be applied with attention for productivity and quality improvement, creating more added value and export growth. In addition, the capacity of the agribusiness services sector will be strengthened as well as the regulatory and policy environment. To this end specific public private partnerships are established. The Agri-business Support Facility complements the strategy to support new sector-wide private sector driven initiatives, Ethiopian entrepreneurship and hands-on assistance to Dutch companies.

Based on commitments in the past, the Embassy will continue to build in safeguards for sustainable use of natural resources in areas that are under extreme pressure. To this end, river basin management is supported in the Central Rift Valley and Gambella. The first area is potentially an important area for horticultural production (both flowers and vegetables). In the second area, the focus is on the overall sustainable use of natural resources (incl. wildlife) and the effects of large scale land acquisitions.

In addition, the Embassy will make an effort in the next few years to enhance 1) the synergy between the several components of its food security program, (2) coherence between centrally funded activities on food security and the Embassy's bilateral program and (3) linkages with the other priority themes of the Embassy.

4.3 Sexual and Reproductive Health and Rights

Objective

In 2017, Ethiopians will have better access to affordable and quality health services, more young Ethiopians will have accurate information on sexuality, and the use of youth friendly services will have increased. Harmful traditional practices will have been further decreased.

The experiences over the last years and challenges in the country justifies the Embassy's current SRHR approach: (1) strengthening the health system through aligned support to the Federal Ministry of Health, (2) contributing to increased access to sexual and reproductive health services (including contraceptives), (3) support to comprehensive sexuality education and awareness for youth, and (4) stronger coordination of non-state actor involvement in the sector.

The following activities are under implementation or envisaged:

1) Support to SRHR through strengthening the health system

The Embassy will continue to support the strengthening of public health systems through a contribution to the MDG Performance Fund of the Ministry of Health. Under the present health sector program a major component of this contribution will be used to implement the flagship Health Extension Program that gives priority to family planning, water, sanitation and hygiene (WASH) and nutrition. Together with other major contributors to the MDG-Performance Fund (amongst others DFID and AusAid), the policy dialogue with the Ministry of Health will be strengthened. The next sector program (2015/16 – 2019/20) will serve as the leading strategy for our aligned support (and will determine the funding modality). The EU Delegation has chosen health as one of their focal sectors in Ethiopia. During the coming years the opportunities for joint programming in the health sector will be assessed and further elaborated. The Embassy will also continue to identify opportunities for private investments in health (and WASH), through private sector instruments (ORIO, PSI).

2) Increased access

In parallel, the Embassy will continue supporting, often jointly with DfID and the Packard Foundation, selected non-state actors to build capacity of public, private and NGO service providers in order to increase access to sexual and reproductive health services. Our support will have a strong focus on social marketing of contraceptives, safe abortion care, strengthening of private service providers, and increased access for youth. These activities will result in lower maternal mortality and decreased population growth.

3) Sexuality education

Taking into account the huge youth bulge in Ethiopia, explicit attention for comprehensive sexuality education remains crucial. Many Dutch NGOs (amongst others with support from MFS-2) are active in this field and the Embassy provides the coordinating mechanism to exchange experiences and to further develop best practices. The Embassy will further assess mechanisms to upscale comprehensive sexuality education in order to reach more youth with the accurate information that enables them to take healthy decisions and exercise control over their own bodies.

4) Coordination

Furthermore, the Embassy aims to continue supporting the coordination of different actors in the field of sexual and reproductive health. Support to the Consortium of Reproductive Health Associations (CORHA) to establish regional networks of NGOs will streamline and enhance Ethiopian ownership of the policy dialogue and program implementation. This dialogue will complement the joint donor - Ministry of Health sector meetings in which the Embassy participates. Strengthened coordination between the different thematic priorities will be enhanced through a focus on nutrition and the implementation of the law.

Within all activities with government and NGOs special attention will be given to leadership opportunities for women and to the role of boys and men in sexual and reproductive health. Finally, the Embassy will support activities to eliminate harmful traditional practices with a strong focus on

early marriage. The Ethiopian Alliance to end child marriage will be an important strategic ally. Together with like-minded donor agencies the implementation of the law on safe abortion and harmful traditional practices will be strengthened and, where possible, the legal barriers for minority groups will be discussed.

4.4 Security and Rule of law

Objectives

As indicated in chapter 3, concerning Security and Rule of Law the Embassy foresees a two track approach. Therefore the objectives are twofold:

- In 2017, Ethiopia will have more sustainable security, a functioning legal order system, and more accountable, inclusive democratic processes;
- In 2017, Ethiopia will have an improved business climate linked to aid and trade, and the other thematic priorities.

In the long term, sustainable security, development and economic growth can only be realized if Ethiopia has the capacity and the will to uphold rule of law. Therefore, a continuation and partial refocusing of the Embassy's current support to security and rule of law is not only crucial for the stability of Ethiopia, but also vital for achieving the objectives of the other two priority themes. Building capacity and legitimacy in relation to the rule of law is an investment in security, stability, and economic governance, and contributes to a better human rights situation.

Activities to create more sustainable security, a functioning legal order system and more accountable, inclusive democratic processes:

- The Embassy will continue to support to the Criminal Justice and Integrity program for Ethiopia of UNODC (United Nations Office on Drugs and Crime). Through the NGO Justice for All – Prison Fellowship Ethiopia, the Embassy focusses on human rights in the Ethiopian justice system. The Justice Capacity Building project, implemented in collaboration with the Ministry of Justice and the University of Amsterdam, is strengthening the capacity of several players within the sector in order to facilitate the implementation of current reform programs. In addition, the Embassy will encourage synergy between these three activities.
- Continue the promotion of sustainable security through ZOA's program along the Ethiopia-South Sudan border. The program builds cohesion as preconditions for people to rebuild their lives and strengthen their livelihood strategies (see also regional MASP for the Horn of Africa).
- Support to the multi donor Civil Society Support Program in order to contribute to national development, poverty reduction and the advancements of good governance and democratization processes.

Activities to improved business climate linked to other policy priorities.

- The existing shortcoming in the legal system hampers positive (economic) development. Partly readjusting our support to the shortcoming of the legal system is therefore desirable. An improved business climate in Ethiopia requires adequate trade licensing, clear policy support, smooth customs clearance etc. Although the government is investing in these areas, it has not met the pace of demand in the economy. Recent experiences in the food security sector showed already that the lack of inter-agency communication and non-transparent and bureaucratic procedures hinder the investment and operations of foreign businesses.
- The Embassy will conduct an inventory of opportunities, in order to identify how it can best contribute to streamlining procedures and removing bureaucratic hurdles faced by foreign businesses. Special attention will be given to the linkages with 'Food Security', but also on related issues such as land use/land rights issues, including the rights and duties of companies. Moreover, a comparative study on the business climate in the horticultural sector in Ethiopia and Kenya will be carried out, in order to formulate suggestions for improvement in Ethiopia, which will directly benefit Dutch companies/institutions. The collaboration between the Dutch 'Belastingdienst' and the Ethiopian Revenue and Customs authority (ERCA) will be continued, strengthened and broadened (see also chapter 2 'trade and investment')
- The SRHR program of the Embassy currently focuses mainly on the service delivery of these rights. The Embassy will verify whether the legal and judiciary issues as well as the aspects related to protection need extra attention. As indicated in 4.3, a possible area of attention might be on justice capacity building and public knowledge in the field of the existing liberal abortion law and the lack of its implementation, as well as how the judiciary deals with accusations of early marriage.

4.5 (New) policy priorities

Additional results on the interphase between aid and trade

As around 80% of the Dutch companies in Ethiopia are active in the agricultural sector the Embassy will continue to focus on and provide support to the relatively most important agribusiness subsectors:

- Horticulture (expected outcome: exports in value of fruits and vegetables increased by 30%, flowers by 40% by 2017);
- Dairy (100% increase in income for 65.000 households by 2017);
- Seeds (30.000 tons of quality seed produced by 2017);
- Sesame (30% increase of income for 70.000 farmers).

Secondly, in addition to the provision of general assistance to Dutch companies, support will be provided specifically to the development of the following potentially promising subsectors, in close cooperation with the recent established Agribusiness Support Facility: poultry, potato, soy, spices and aquaculture.

Furthermore interventions of Rule of Law portfolio will focus on addressing obstacles in the business climate, which will also benefit Dutch companies.

Given the very limited capacity of most small farmers in Ethiopia, there seems to be quite a discrepancy between what is asked from them as out-growers and/or suppliers and what is required. As the increase of the productivity and income of agricultural smallholders are a precondition for development in Ethiopia, this component is crucial from a developmental perspective. The Embassy will try to see to it that initiatives (including those centrally funded) to promote more synergy between aid and trade, will contain a provision to develop the necessary capacity of these farmers by organizations with sufficient local expertise.

Other trade and investment opportunities

The current Embassy's program is well aligned to the 'topsectors' Agro & Food and Horticulture & Planting Material. Specific initiatives have been developed to create a strong link between the Dutch private sector and Ethiopia, through the establishment of a potato business platform and specific Dutch-Ethiopian public private partnerships in the seed sector.

The new Horticulture program will focus on attracting more private sector investments from the Netherlands. Within this context, a concerted effort has and will be made by this Embassy to combine, as much as possible, the available central funds and networks (e.g. Agentschap NL, Greenport Holland International) and its bilateral activities (seeds, horticulture and agribusiness projects).

With regard to the sector 'logistics', the Embassy will explore new opportunities to decrease lead time from agribusiness production areas to export destinations both by air, road as well as sea freight.

More attention to climate issues

The food security program will continue to contribute to adapting and building resilience to climate change through its support of public works activities, such as reforestation and soil and water conservation (PSNP), and climate smart agriculture, including the production and access to improved [drought resistant] seeds (ISSD), increased water use efficiency, agricultural productivity (AGP), building capacity of women and vulnerable groups, family planning and improved market access for local/small producers. Existing indicators will be reframed to be able to monitor the progress in the implementation of adaptation measures.

The contribution of food security and environment activities to climate change adaptation will be assessed and reported on. On-going technical support for strengthening, monitoring and reporting climate change adaptation activities will be provided by the regional environment and climate change expert through periodic exchanges.

Women rights

The Embassy will focus on further strengthening the gender component in the existing thematic priority programs. The following activities are planned:

SRHR

- Gender mainstreaming support to the strategic partners under the SRHR program, will be systematically done. Findings from the already conducted gender analysis and gender audit will be used as a basis. Within the policy dialogue with the Federal Ministry of Health (FMoH), under Millennium Development Goal (MDG) performance fund, gender will be considered as critical to the agenda.

Food security

- Assessment findings on 'the role of the horticulture sector to empower women and ensure household food/nutrition security' will be used as a baseline to make the Ethiopian Horticultural Production Enterprise Agency (EPHEA) program gender sensitive and responsive.
- Tailored gender mainstreaming support will be provided to the following projects: EDGET, ASPIRE and CASCAPE.

Rule of Law

- Strategic partners will be identified to create linkage and support the justice system in particular and the public in general on the existing laws with particular focus on Violence against Women, including the abortion law (see also 4.3. and 4.4.).
- Financial and technical support will be provided to the gender based violence (GBV) program of UNFPA.
- As indicated in 4.3. and 4.4, the Embassy will make an effort to address different forms of Harmful Traditional Practices, with a particular focus on child marriage. The national alliance on ending child marriage is one of the potential partners.

Political space NGO's

The Embassy already supports the Irish Aid administrated and British Council implemented Civil Society Support Program which envisages the strengthening of the capacity of CSOs to inform and influence development policy in pro-poor directions. Due to the Charities and Societies Proclamation (CSO law of 2009), domestic CSOs are not allowed to receive more than 10% of their funding from abroad if they are active in the areas of governance, human rights, advocacy and identity issues (see also 4.4).

Opportunities for EU joint programming

In order to align the EU National Indicative Program with the Growth and Transformation Program of the government, the National Indicative Program will cover seven years (2014-2020) with a 'strategic' review in 2016 (based on the performance of the GTP and a reading of its successor national development plan). The Embassy will use the opportunity of this review to see whether the MASP planning cycle can be synchronized fully with that of Ethiopia and the EU.

Within the framework of working towards an EU wide division of labor in the economic support function, the Netherlands and Belgian Embassies have volunteered to take the lead in the horticultural and agri-business sector on behalf of the EU. This will entail: exchange of information on key sectorial developments, addressing issues relevant to all EU companies active in the sector and ad hoc diplomatic action.

What will we stop doing?

- We will accelerate the closure of 41 old (expired) projects. This closing effort started in 2013. Only a very limited number of new activities will be initiated in the next four years.
- We will gradually downsize the current portfolio in order to reduce 'overhead' and at the same time further streamline and align with the new policy priorities. For example within the context of the Embassy's assistance to the horticultural sub-sector already a number of separate activities has been merged into one project in support of the Ethiopian Horticulture Producer Exporters Association (EHPEA).
- The support to Water and Sanitation will be discontinued, but collaboration between various Dutch actors in the water sector will be strengthened, in order to share knowledge, create synergy, and assess opportunities for Dutch involvement.

5 Other instruments of Foreign Policy

Political Affairs: Within EU cooperation, bilaterally and multilaterally, the Embassy will continue to play an active role in political matters, using also the instrument of the article 8 dialogue. For 'democratic governance', the elections in 2015 will be crucial. Together with other partners, issues of human rights and the strengthening of democratic institutions will be addressed. The Embassy will have a sharp eye for political developments that affect the business climate and vice versa. Constraints for economic development (see Ch 3/4) will require political decision-making.

Regional affairs: In addition to this bilateral MASP, a regional strategy for the Horn of Africa will be drafted. Any activities of this Embassy with a regional component will be included in this regional MASP.

Humanitarian Affairs: Humanitarian needs in Ethiopia are still considerable; 10-15% of Ethiopians receive some form of humanitarian assistance annually. The refugee population is currently at 424.000^[1]. The Embassy will continue to monitor and advice on issues and developments in humanitarian affairs and resilience; furthering the linkage between the two. Moreover, the Embassy will seek to address the regional aspect of the interface between humanitarian needs and resilience building by actively supporting and engaging with NGOs through the newly established NGO financing mechanism for Chronic Crises.

Other Dutch development actors: Close contacts will be maintained with other Dutch actors (MFS organizations, institutes and the private sector) with a view to achieve optimal synergy. Consultations with NUFFIC, Netherlands organisation for international cooperation in higher education, will be intensified in an effort to align the NICHE program and NFP as much as possible to the objectives of the MASP, in particular in the area of food security.

Consular and Migration Affairs: The provision of consular services remains a core task of the Embassy. The issuing of visa and residence permits requires close monitoring; conflict and poverty make the region a source of migration. An especially sensitive task is the large numbers of Somali applications for family reunification. The influx of applicants remains unpredictable; although the total number of interviews has reduced (DNA-test is decisive for the family-relation), the remaining interviews are difficult and time-consuming.

In order to reduce the risk of illegal migration, verification procedures for students will be improved.

Press and Cultural Affairs: Culture is a posteriority. Participation in cultural events will be limited, such as the annual EU film festival. Active contacts with the local media will be maintained with the objective to share information on the Netherlands, its policies and its activities in Ethiopia.

^[1] UNHCR September 2013

6 Financial implications

Financial ODA implications 2014-2017 in € (budget-code and description of the policy area)

Budget 2014-2017		
1.3	Stronger private sector and better investment climate in developing countries	450.000
2.1	Improved food security	127.619.000
2.2	Improvements in water management, drinking water and sanitation	4.500.000
3.1	Sexual and reproductive health and rights for all; stopping the spread of HIV/AIDS	77.668.000
4.3	Developing the rule of law, reconstruction, peacebuilding, strengthening the legitimacy of democratic structures and combating corruption	8.526.000
Total		218.763.000