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COUNTRY ASSISTANCE STRATEGY PROGRESS REPORT

FOR THE

FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

September 28, 2010

Ethiopia Country Management Unit
Africa Region

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The Country Assistance Strategy for Ethiopia was discussed on April 29, 2008

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ABBREVIATIONS AND ACRONYMS

AAA	Analytic and Advisory Activities	MDGs	Millennium Development Goals
AfDB	African Development Bank	MEFF	Macroeconomic and Fiscal Framework
AGP	Agricultural Growth Project	MoE	Ministry of Education
APL	Adaptable Program Loan	MoFED	Ministry of Finance and Economic Development
CAS	Country Assistance Strategy	MoH	Ministry of Health
CASPR	Country Assistance Strategy Progress Report	MOU	Memorandum of Understanding
CIC	Credit Information Center	MoWUD	Ministry of Works and Urban Development
CIDA	Canadian International Development Agency	NAFP	National Adaptation Framework Program
COM	Country Operations manager	NAPA	National Adaptation Plan of Action
CSO	Civil Society Organization	NBE	National Bank of Ethiopia
DAC	Development Assistance Committee	NBI	Nile Basin Initiative
DAG	Development Assistance Group	NEPAD	New Partnership for Africa's Development
DCI	Domestic Construction Industry	OBA	Output Based Aid
DFID	Department for International Development	OECD	Organization for Economic Cooperation and Development
EC	European Commission	OFAG	Office of the Federal Auditor General
EFA	Education For All	PASDEP	Plan for Accelerated and Sustained Development to End Poverty (2005-2010)
EIB	European Investment Bank	PBS	Protection of Basic Services
ETB	Ethiopian Birr	PCDP	Pastoral Community Development Program
FAO	Food and Agriculture Organization	PPD	Public-Private Dialogue
FDI	Foreign Direct Investment	PRSC	Poverty Reduction Support Credit
FPEW	Flood Preparedness and Early Warning	PSCAP	Public Sector Capacity Building Program
FTI	Fast Track Initiative	PSNP	Productive Safety Nets Program
FY	Fiscal Year	PTA	Parent-Teacher Association
GDP	Gross Domestic Product	RCBP	Rural Capacity Building Project
GEF	Global Environment Facility	REDF	Rural Economic Development and Food Security
GEQIP	General Education Quality Improvement Program	SIDA	Swedish International Development Cooperation Agency
GFRP	Global Food Crisis Response Program	SIL	Specific Investment Loan
GoE	Government of Ethiopia	SLMP	Sustainable Land Management Project
GPOBA	Global Partnership on Output-Based Aid	SNNPR	Southern Nations, Nationalities, and Peoples' Region
GTP	Growth and Transformation Plan (2010-2015)	SWAp	Sector-Wide Approach
GTZ	German Agency for Technical Cooperation	TA	Technical Assistance
ICA	Investment Climate Assessment	TF	Trust Fund
ICT	Information and Communication Technologies	UNDP	United Nations Development Program
IDA	International Development Association	UNFPA	United Nations Population Fund
IFAD	International Fund for Agricultural Development	UNICEF	United Nations International Children's Fund
IFC	International Finance Corporation	UNIDO	United National Industrial Development Organization
IFPRI	International Food Policy Research Institute	USAID	United States Agency for International Development
IFRS	International Financial Reporting Standards	Woreda	District with elected council
IHP	International Health Partnership	WCBS	Woreda-City Benchmarking Survey
IMF	International Monetary Fund	WFP	World Food Program
ISA	International Standards of Auditing	WHO	World Health Organization
JICA	Japan International Cooperation Agency		
Kebele	Village level council		
LIG	Local Investment Grant		
M&E	Monitoring and Evaluation		
MAP	Multi-sectoral HIV/AIDS Program		

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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
COUNTRY ASSISTANCE STRATEGY PROGRESS REPORT

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FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

I. INTRODUCTION

1. **The Board of Executive Directors discussed the FY08-11 Country Assistance Strategy (CAS) for Ethiopia on April 29, 2008 (Report No. 43051-ET).** The CAS, the first results-based strategy for Ethiopia, supports the Government of Ethiopia (GoE) to achieve many of the outcomes envisioned in its 2005-10 Plan for Accelerated and Sustained Development to End Poverty (PASDEP). This CAS Progress Report (CASPR) takes stock of the implementation progress made under the CAS, and presents a revised program. It extends the CAS to FY12 due to slower than expected progress toward CAS outcomes, and to allow sufficient time to undertake poverty diagnostics and prepare a full CAS program, in collaboration with the GoE, to support agreed priorities within its 2010-15 Growth and Transformation Plan (GTP). This extension will also ensure the new CAS can fully reflect the priorities specified under IDA 16, and in the Bank's Africa Region forthcoming strategy.

2. **The key objectives of the CAS were designed to sustain a dual take-off process of rapid economic growth and a simultaneous improvement in service delivery, as well as to reinforce trends promoting societal change.** These objectives, (i) fostering economic growth, (ii) improving access to and quality of basic services, (iii) reducing vulnerability, and (iv) fostering improved governance, remain broadly relevant, and in alignment with the country objectives in PASDEP. During CAS implementation, the program has emphasized, across these four objectives, help for Ethiopia to address the deeper and complex issue of encouraging bottom-up initiatives that are becoming increasingly necessary as a complement to traditionally strong top-down action.

3. **Some adjustments to the lending program have been instrumental in helping to mitigate shocks related to the food, fuel and finance crises of recent years.** To help avoid a possible crisis due to drought and food shortages, the lending program was adapted in November 2008 to include an emergency food crisis response program. This addition was facilitated by a larger International Development Association (IDA) 15 allocation than programmed in FY08, frontloading, and a portfolio restructuring which also helped to enhance portfolio performance. The significant differences of views between the government and the Bank on some longstanding, structural issues mean that the conditions for a possible Poverty Reduction Support Credit (PRSC) have not yet materialized and the program has comprised sector investments, a large part of which are programmatic in nature and supported by other donors, and analytical and advisory activities (AAA). Additional financing has proved an efficient lending instrument, and enabled some operations to be prepared more rapidly than originally programmed to help mitigate the effects of the global crises. The FY11 and FY12 programs will continue to support the dual take-off process through new lending, including through piloting results based investment lending, implementation support and AAA. In light of frontloading, new lending in FY11 will be lower than the earlier years of the CAS period and in FY12 will be subject to the IDA16 replenishment and allocation process.

II. ECONOMIC AND POLICY DEVELOPMENTS

4. **Ethiopia has a long history of rich civilization that has coexisted with suffering from recurring disasters.** In the last two decades, Ethiopia has achieved remarkable progress against social and economic indicators. The country is on track to achieve, or come close to, many of the Millennium Development Goals (MDGs). The economy has diversified significantly and

delivered sustained rapid growth for the past six years, even through the global financial crisis. Yet, there is a sense of imbalance in this progress. Successful economies bring together private sector initiative complemented by effective delivery by government. However, progress in decentralizing social sector service delivery has not yet been matched by equivalent progress in social accountability for services, and strong expansion of public investment has not been mirrored by vigorous growth in private investment. These divergent trends might stem from the many years of highly centralized rule, as well as the planned economy, that Ethiopia had experienced.

5. Ethiopia macroeconomic situation deteriorated dramatically after the onset of the global economic crisis and despite a steady recovery in recent months, the situation remains fragile. Ethiopia's end-of-period inflation rate, which generally hovers in single-digit number, increased to 64 percent in July 2008. Its foreign exchange reserves fell steadily over time to hit a bottom of less than \$770 million (or less than 4 weeks of imports cover) by October 2008. The government was forced to depreciate the local currency by nearly 30 percent between January 2009 and August 2009 to address the overvaluation of the real exchange rate. The situation started to turnaround as global economic recovery resumed and the GoE stabilization program, supported by the IMF's Exogenous Shock Facility, started to bear fruit. The end of period inflation fell steadily and remains stable in the range of 6-8 percent in recent months. Foreign exchange reserves have been accumulated to provide more than two months of import cover. But problems remain. Major distortions and structural impediments to growth remain to be tackled. According to the IMF, monetary policy is dysfunctional and the exchange regime is heavily distorted with an active parallel market. Table 1 provides a summary of selected macroeconomic indicators.

Table 1. Selected Macroeconomic Indicators, 2005-2013

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
	Est	pre act	pre act	pre act	pre act	est.	proj	proj
GDP at constant prices (at factor cost) growth, % IMF	12.6	11.5	11.8	11.2	9.9	7.0	7.7	7.5
GDP at constant prices (at factor cost) growth, % (GOV)	12.6	11.5	11.8	11.2	9.9	10.1	...	...
Growth of Per Capita GDP, % (GOV)	10.0	8.9	9.2	8.6	7.3	7.5	5.1	4.9
Consumer prices (period average) growth, %	6.8	12.3	15.8	25.3	36.4	5.6	8.4	6.6
Non-food	5.1	8.0	14.8	12.5	23.7	17.8	...	...
Gross domestic investment % of GDP	23.8	25.2	25.8	22.5	22.4	24.8	...	...
Government investment	15.2	17.3	18.8	16.2	16.5	16.9	...	...
Private investment	8.6	7.9	6.9	6.3	5.9	7.9	...	...
Fiscal balance, including grants in percent of GDP	-4.4	-3.9	-3.1	-2.9	-0.9	-2.0	-3.4	-2.7
Domestic financing (including residual) percent of GDP	-1.2	1.4	-1.6	-1.1	0.0	0.0	0.0	0.0
External Sector								
Export, growth %	41.1	18.1	18.7	23.1	-1.0	16.4	11.1	13.2
Current account balance, excluding official transfers % of GDP	-12.4	-14.9	-10.6	-10.5	-10.0	-13.0	-14.4	-12.5
Gross reserves in months of imports of GNFS of the following year	3.4	2.2	1.9	1.2	1.8	2.0	2.2	2.1

Source: IMF

6. Although Ethiopia did overcome the food, fuel and finance crisis, the food crisis in 2008 proved to be broader, deeper and more complex than in other countries. In 2008 Ethiopia experienced the failure of the small (*belg*) season rains, high inflation for food, in particular, which peaked at 91.7 percent for the 12 months ending July 2008, as well as a high trade deficit and severe foreign exchange shortages. Towards the end of the year 6.4 million people were dependent on emergency food assistance, in addition to 7.3 million chronically food insecure people. The macro-economic situation threatened overall economic development,

including through the foreign exchange crunch that threatened the import of commodities such as fertilizers that are crucial for further development.

7. **Ethiopia's external position has improved but remains fragile.** Merchandise exports fell only 1.0 percent during FY09 compared to the global average decline of 14 percent. In the first 7 months of FY10, exports increased 11 percent and with the increase in imports, the current account deficit, excluding grants, worsened from 10 to 13 percent of GDP. Previously dwindling foreign exchange reserves have recovered to about 2 months on import coverage. The growth rates of exports, private transfers and foreign direct investment have yet to reach their pre-crisis levels. Despite an improved reserve situation, and 30 percent depreciation of the currency, persistent shortages of foreign exchange are a severe constraint on the private sector, and an active parallel market persists, reflecting a restrictive exchange regime.

8. **There remains a large divergence between the growth of overall demand and relative weakness in growth of supply.** This shows up in the trade deficit and persistently high non-food inflation. To curb rapid growth of aggregate demand, the government has imposed limits on bank lending, which has reduced access to credit and compounded the worrisome demonetization trend since 2002.

9. **Significant macroeconomic challenges remain and key structural changes are needed to protect the high growth rate.** A 14-month arrangement under the International Monetary Fund's (IMF) High Access Component of the Exogenous Shocks Facility was approved in August 2009 for US\$235 million and the first review was completed in June 2010. IMF forecasts indicate continued strong growth of 7 percent for 2009/10 and 7.7 percent for 2010/11. But achieving this pace in the medium-term would require stepped up structural changes, including a reform of monetary policy, a liberalization of the exchange regime, more room for private sector development and a better investment climate, a more flexible industrial policy, modernization of the financial sector, creation of a competitive telecommunications sector and establishment of a transparent and effective system of land development and administration. Ethiopia's continuing vulnerability, to both climatic and external economic or financial shocks, makes the need for a robust macroeconomic stance all the more compelling.

10. **Ethiopia is making significant progress on all the MDGs.** It is projected to be one of the few African countries on track to meet goals relating to extreme poverty and hunger. However, a significant portion of the population is still chronically food insecure and food security remains a key challenge. Ethiopia is also on track to meet the goals on combating HIV/AIDS, malaria and other diseases (with the exception of TB), and developing a global partnership for development. Good progress is also being made towards universal primary education, reducing child mortality and ensuring environmental sustainability. Ethiopia is likely to fall short, as of 2015, on the targets for eliminating gender disparity in education and improving maternal health in spite of major efforts in these areas.

11. **Ethiopia has a mixed track record in improving governance.** Regional and *woreda* administrations are becoming increasingly influential as their capacity strengthens. However, at the federal level, there have been continuing concerns that the space for debate has narrowed, particularly for civil society organizations (CSOs), the media, and the opposition groups. The May 2010 elections resulted in the ruling party winning a near complete sweep with it and its affiliate parties securing all but two of the parliamentary seats. The 2009 Proclamation for the Registration and Regulation of Charities and Societies, provided the first clear framework for such organizations, but also restricted the operations of CSOs, particularly excluding those receiving more than 10 percent of funding from external sources from some areas of activity,

such as advocacy on human rights, gender or ethnic equality, conflict resolution, the strengthening of judicial practices or law enforcement, which areas the GoE considers internal issues open only to Ethiopian citizens. Recently GoE revised the federal procurement law to improve the structures for procurement management. However, enforcement of the procurement law continues to be weak and largely ineffective, mainly due to inadequate remuneration and incentives. The procurement oversight bodies both at the federal and regional levels remain undermanned and cannot attract and retain qualified and experienced staff. Ethiopia's recent bid to become a member of the Extractive Industries Transparency Initiative (EITI) is encouraging, though its membership status is pending.

12. **Policies and commitments related to gender are in place, but implementation is lagging due to poor institutional capacity.** Several challenges still remain to strengthen the effectiveness of gender work at all levels of government. These include weak networking among institutions meant to ensure gender equality, inadequate mainstreaming of gender in all development programs and their implementation strategies, and absence of reporting system among government and non-government actors working on women thus weakening accountability for achievement of gender equitable results.

13. **Ethiopia confronts the challenge of being one of the countries in Africa potentially most vulnerable to future climatic changes.** Existing climatic variability already hampers growth through extreme weather events such as droughts and floods. However, given its large potential in renewable energy, Ethiopia can lead the way - within Africa and the developing world - in promoting low or neutral carbon growth. At the global level, GoE has taken a leadership role among African countries in international negotiations on the future climate governance framework. Domestically, GoE has, as a first step, established institutional mechanisms to ensure the climate change agenda is pursued in a coordinated but decentralized manner. It has an approved National Adaptation Framework Program (NAFP), covering 20 vulnerable sectors, and a National Adaptation Plan of Action (NAPA) including 83 concrete projects that have been registered with the UNFCCC Secretariat in line with the Copenhagen Accord. GoE has also begun development of a National Climate Change Strategy and Action Plan (NCCSAP), which will elaborate on the transfer of environmentally sound mitigation and adaptation technology needed for carbon resiliency. Key policies and regulatory frameworks related to environmental sustainability are in place, including the 2008 Ethiopian Sustainable Investment Framework (ESIF) for sustainable land management (SLM), a long-term strategy for SLM, which seeks to provide guidance in addressing the interlinked problems of poverty, ecological vulnerability, land degradation and deforestation at the rural community level. Enforcement has been weak as a result of institutional capacity constraints, including weak political will and lack of space for active citizenry involvement.

III. CAS PROGRESS, IMPLEMENTATION AND PROPOSED ADJUSTMENTS

A. *Assessment of CAS Progress To-Date*

14. **Progress in FY08-10 towards CAS outcomes has been mixed.** Mixed progress is partly a reflection of the relatively ambitious selection of outcomes, many of which are drawn directly from the PASDEP given the programmatic nature of the Bank's assistance, as well as portfolio implementation challenges and country realities. See Annex 1 for details including an update of progress where information is available.

15. **The Government has made remarkable strides in strengthening the essential building blocks for sustained development supported by the CAS.** There has been relatively

strong progress in increasing access to basic services in an equitable manner. There has also been strong progress in overcoming food insecurity and building a transport, energy, and communication backbone that is a pre-condition for economic take-off. Progress has been particularly strong in increasing access to potable water, sanitation and health services, although access to services has taken priority over increasing their quality.

16. The Government has also made progress toward other CAS objectives such as investments in infrastructure and decentralization initiatives that could facilitate a well-functioning market economy and improve governance. It has not been easy, however, for the Government to overcome the deep-rooted legacy of central control, tightly managed information, and constricted space for citizen engagement and private initiatives. In its economic policy, the Government has focused on creating good infrastructure and providing public support for strategic sectors but has done less to strengthen the private sector. In its decentralization program, the Government has emphasized greater transparency, accountability and citizen participation as the foundation for improved governance and better service delivery, but progress has been slow. As Ethiopia becomes a more complex society and economy, in an increasingly challenging global environment, it will be progressively more difficult to drive forward the economy largely through government interventions. The ability of Ethiopia's citizens and businesses to access accurate information and organize to respond to developments will be an increasingly important determinant of the country's resilience and competitiveness.

A.1 Fostering Economic Growth

17. Progress has been mixed toward a key objective of the CAS of supporting structural and macroeconomic policies that are conducive to sustain internal and external balance. The Bank supported the IMF's lead in providing crucial policy advice on improving macroeconomic management that has contributed to reducing inflation and reducing imbalances. The tax policy and administration reforms, vital to reducing the demand on domestic monetary financing, are beginning to show some promising results with tax revenue to Gross Domestic Product (GDP) improving in 2009/10 – the only annual improvement in the last seven years. Domestic fuel subsidies were eliminated in October 2008. Monetary policy has been tightened, though a fundamental reform is needed to contain high powered liquidity and abolish the deleterious bank-by-bank credit ceilings. The Bank has, however, not yet been successful in reaching agreement with GoE on how to advance structural changes in such areas as creating competitive financial and telecommunications sectors and hence the progress on CAS outcomes in these areas remain less than satisfactory.

18. Progress has been strong toward the CAS objective of sustainably accelerating the level and productivity of infrastructure. Strong government commitment and capacity building efforts supported by a series of Bank Adaptable Program Loans (APL) are leading to strengthened road sector institutions and increasing contracts for the domestic road construction industry. The level of investment in road infrastructure is high and road density and disbursements to domestic contractors as a percentage of the total are increasing. Regional power initiatives are proceeding well. With support from the Nile Basin Initiative-Ethiopia-Sudan Interconnection project, a transmission line link with Sudan is near completion.

19. With Bank support, the government has put in place a number of factors that are expected to lead to increased agricultural productivity. GoE has strengthened the agricultural extension and research system. It has also increased the first of two phases of certification of cultivated land from 44 percent in 2007 to 66 percent in 2009. The development of irrigation has been further promoted. For instance, feasibility studies covering 104,000 ha. are in the pipeline

or have been drafted. Improvements have already led to increases in agriculture production and value in some areas. The Rural Capacity Building, Sustainable Land Management and Tana Beles Integrated Water Resources Development projects contributed to these achievements, including through the development of sustainable watershed management plans with strong community participation.

20. **There has been some progress supported by the Bank toward improving the environment for private sector development, but much remains to be done.** Together with the International Finance Corporation (IFC), United Nations Industrial Development Organization (UNIDO), United Nations Development Program (UNDP) and the Ministry of Trade and Industry, the Bank supported the establishment of the Ethiopia Public-Private Dialogue Forum. This Forum brings together representatives of the private sector in a structured dialogue with the Government to improve the business environment. Already, Ethiopia's *Doing Business* Rank has improved slightly to 107 out of 183 in 2010 from 111 out of 181 in 2009; it is anticipated that the Forum will provide a stimulus to accelerated reforms. There have been some other signs that GoE is opening space for expanded private sector involvement in economic growth. For instance, while not allowing private sector ownership in telecommunications, GoE awarded the management of the Ethiopian Telecommunication Corporation in April 2010 through a competitive process to an international management company (France Telecom). GoE has provided incentives for private sector investment in select industries including floriculture. Foreign Direct Investment (FDI) has increased substantially, from US\$365 million in 2005/06 to about US\$880 million in 2008/09, largely due to GoE incentives tied to large scale commercial agriculture for export—however, GoE has not sought our support in the latter area, nor have we analyzed it in any detail. According to *Investing Across Borders* foreign equity ownership restrictions are above the average for other sub-Saharan African countries, and FDI is prohibited in 13 sectors, including telecommunications, financial services, transportation and retail. Progress over the next two years will be critical to the establishment of a flexible economic and industrial policy, including the implementation of National Payments Systems and the Credit Information Center (CIC), a Competition Law, and legislation allowing the private sector to participate in value-added telecommunications services.

A.2. Improving Access to and Quality of Basic Services

21. **Access to primary education increased dramatically in the years prior to the CAS, but girls' access to education continues to lag, and progress on quality improvements is mixed but promising.** There has been some progress on equal access to primary education as measured by the ratio of girls to boys, but girls' enrollment still lags. This continues to be an area of key Bank focus given the abundant research on the singular importance of a mother's educational background in reducing infant and child mortality, reducing fertility and improving school attendance for girls. The Pastoral Community Development program is helping to address the special needs of pastoralist children, and is reaching an increasing number of *woredas*. Nonetheless, efforts need to be expanded, including through the use of block grants under the Protection of Basic Services Program (PBS), for the pace of girls' enrollment to improve. With Bank support, GoE has embarked on the General Education Quality Improvement Program which is at an early stage of implementation. Quality of education is improving as measured by the Grade Five completion rates, and student-teacher ratios have slightly improved, although inadequate resource availability is hindering faster progress in this area.

22. **Organization of user groups to operate and maintain water points and promote hygiene is leading to an increase in access to potable water and sanitation.** The Bank-financed Water Supply and Sanitation Program has bolstered GoE commitment to a

decentralized capacity building system which has led to improvements in water and sanitation services. Communities participating in this program are organized to plan, manage and operate their water supply and sanitation schemes, and coordinate with health extension workers to promote good hygiene. Nonetheless, implementation pace is slower than expected and there is more to be done to strengthen capacity in the rural areas and public awareness about good sanitation practices.

23. **Access to health care is improving through a clear vision, sound strategy and strong leadership and there are some signs of quality improvements.** But progress in some areas is falling short of targets, and data is not yet available in other areas. Through the PBS 2 program, the government has increased block grants to regions and *woredas* every year, enabling the purchase of medical equipment and supplies, an increase in the number of primary health extension workers, and strong progress in increasing immunizations. Ethiopia has been making an extensive effort to control malaria through implementation of a malaria control and elimination strategy, but data is not yet available to measure progress since the CAS baseline. The HIV/AIDS awareness program has supported *woredas* to carry out information campaigns to sensitize the target groups. Data is expected to be available to assess progress in FY11. Overall, access to maternal health services has not increased as much as expected, through the percentage of pregnant women receiving iron and folate supplementation is on track. Maternal mortality continues to be high, but there are signs that the quality of services in this area is improving, although probably not enough for Ethiopia to reach the MDG on improving maternal health.

A.3. Reducing Vulnerability

24. **Ethiopia's vulnerability to adverse weather remains significant, and possibly more so as the effects of climate change become more pronounced.** The Bank has supported GoE to put in place a number of measures to help reduce Ethiopia's vulnerability to shocks. Under the Productive Safety Net Program (PSNP), a long-term program for food security has been developed and a National Policy and Strategy on Disaster Risk Management, essential in light of the potential impacts of climate change, has been prepared and is pending ratification. PSNP also provides food and cash payments to food-insecure households in exchange for their efforts on community projects. The Bank has helped integrate this effort with a long-standing government-managed household asset building program designed to support food-insecure households by increasing their productive assets. And rural food security has improved with the introduction of alternative crops and financial support to expand non-farm income. Notwithstanding these important achievements in reducing rural food insecurity, urban food security has become a growing concern and inadequate benchmarks and follow-up data availability have delayed graduation of beneficiaries. Bank support has also helped the GoE address land degradation. Through the Sustainable Land Management and Tana Beles Integrated Water Resources Development projects, institutions for sustainable land management have been established and investment in community based flood management systems is rising. Information on progress toward Bank supported measures to address population growth, a main driver of land degradation, is pending the forthcoming Demographic Health Survey.

A.4. Fostering Improved Governance

25. **Progress has been made toward improving the performance and integrity of the public sector.** Business process reengineering has been adopted across GoE, including in the judicial sector, to eliminate excessive steps that added no value to the user and streamline work processes, though progress has been marred by allegations that political affiliation influenced which civil servants were retained or promoted. Public Financial Management is showing

improvement with the roll out of expenditure management and control reforms, and capacity building efforts underway to ensure continuous enhancement and sustainability. The most recent Public Expenditure and Financial Accountability (PEFA) study (2010) showed an improvement in 9 out of 30 indicators covered. The strengthening of the public procurement agencies, including the setting up of a procurement professional institution, is making slow progress, with Bank support available through the PBS 2 project and PSCAP Additional Financing. The GoE has put in place policies to support local transparency and citizen engagement at the *woreda/kebele* level, and there are indications of increased local government commitment to provide more information to citizens and solicit their opinions more frequently, although budget literacy among citizens needs greater attention. Balanced score cards are being rolled out as a tool to encourage a results focus in public sector management—but they remain a work in progress. There is some evidence of citizen engagement in budgeting at the *woreda* level. At the city level, there has been an increase in citizen involvement in planning, budgeting and monitoring.

A.5. Increasing Donor Harmonization through IDA-supported Multi-donor Programs

26. **Donor support, including from IDA, has become largely programmatic.** Both CAS targets in this area have been achieved. The target that 66 percent of donor support be channeled through program-based approaches was achieved in FY07 as reported through the Organization for Economic Cooperation and Development (OECD)/Development Assistance Committee (DAC)-coordinated survey on monitoring the Paris Declaration. At that time, the Bank's programmatic assistance extended to five programs—roads, protection of basic services, public sector capacity building, water supply and sanitation and productive safety nets—which accounted for 58 percent of IDA disbursements. Since then the Bank has continued to increase its support for programmatic approaches through lending, and now includes three other areas: energy and education sector development programs, and the sustainable land management program. The agricultural growth program, awaiting approval, is designed on a similar basis. The target that 66 percent of IDA disbursements flow through program-based approaches was surpassed in FY10 when over 80 percent of IDA assistance flowed through the eight approved programs.

B. Portfolio Performance and Implementation

27. **Portfolio restructuring and actions to address portfolio issues have led to improved performance.** Portfolio performance has been strong following deterioration between end-FY08 and mid-FY09. As of the end of FY10, US\$2,530.1 million of the US\$4,703.4 million in net investment lending commitments have been disbursed. Four out of 32 projects and 9.2 percent of net commitments are considered at risk. Disbursements for the US\$833 million trust fund portfolio have been strong, with only US\$222 million remaining undisbursed.

Box 1. IDA CORE SECTOR INDICATORS

Core Sector Indicators of progress towards key results, linked to the MDGs, which were introduced under IDA15, have been rolled out across IDA's portfolio in Ethiopia. The following figures provide a brief snapshot of preliminary results achieved through IDA programs that were active in the period of the current CAS.

Sector	Indicator	FY08-10
Education:	Primary completion rate	From 65% in 2006/07 to 78.90% in 2008/09.
	Gender parity index	Grades 1-4: 89% 2006/07 to 90% in 2008/09. Grades 5-8 73%; in 2006/07 to 89% in 2008/09.
Health:	Long-lasting insecticide-treated malaria nets (ITNs) were purchased and/or distributed	1.7 million ITNs were purchased and distributed.
	Health facilities constructed, renovated and/or equipped	7,000 health posts and 1,999 health centers were equipped (out of respective totals of 15,022 and 3,200).
Water Supply:	People provided with access to improved water sources	1.5 million people in rural areas and 150,000 in urban areas have been provided with access to improved water sources from 2004 to 2010.
	Improved community water points constructed or rehabilitated	138,873 improved community water points were constructed or rehabilitated 2008 to 2010.
	Water utilities receiving support	38 water utilities are receiving support.
Roads and Highways:	Roads in good and fair condition as a share of total classified roads	Federal Paved: 71% to 88% between 2005/10. Federal Gravel: 61% to 72% between 2005/10. Rural/regional roads: 67 to 79% between 2005/10.
	Rural Roads Rehabilitated	42,417 km of rural roads rehabilitated.
	Rural Roads Constructed	23,736 km of rural roads were constructed.
ICT:	Retail price of internet services	The monthly cost for an internet connection (incl 600 minutes) went from US\$4.32 to US\$2.88.

28. **A November 2008 portfolio restructuring not only freed up funds for the Global Food Crisis Response Program (GFRP), but also focused on addressing problem projects.** This operation was by far the largest under GFRP—see paragraph 33 below—and covered 12 projects, from which funds were redeployed based either on cost savings, revised financing plans or major restructurings. Seven of the 12 projects affected were among the slower disbursing projects in the portfolio, including all four projects that underwent a major restructuring. The combined result was a disbursement ratio of 49 percent in FY09 and 36 percent in FY10.

29. **IDA core sector indicators were introduced** as of the beginning of FY10, and adopted as relevant across the portfolio--into new lending and projects already under implementation. Box 1 above provides a sample of progress against these indicators.

30. **Efforts to improve the portfolio remain concentrated in four areas highlighted in the CAS.** A portfolio review was undertaken in FY09 to take stock of progress in addressing these portfolio management issues: (1) transparency and accountability, (2) procurement and contract execution delays, (3) financial management weaknesses, and (4) weak monitoring and evaluation and results frameworks. A follow-up portfolio review is planned for FY11 to take stock of progress and agree on further action.

- On transparency and accountability, progress has been mixed. There has been concern about the possible, indirect impact of the federal Proclamation for Charities and Societies on social accountability initiatives. However, operationally the Bank has continued to ensure progress. For example, for PBS 2 accountability and fairness make up one of the four main principles against which progress is being reviewed. In addition, the Bank and other donors have ensured that programs have mechanisms to monitor for any systemic distortion of access to project benefits, for political gain, and are working with the GoE on ways further to strengthen these mechanisms.
- The Bank is concentrating its efforts on four key areas of procurement weakness that contribute to persistent procurement and contract execution delays: borrow readiness to begin project implementation following financing approval, capacity enhancement, communication and prior reviews. Progress is slow and has been compounded by difficulties in recruiting Procurement Officers, but overall communication with project executing agencies has improved as internet connectivity increases. A rise in the maximum prior review and International Competitive Bidding thresholds represents a shift of responsibility to GoE for processing most contracts.
- Already significant progress has been made in following up on some key recommendations to improve financial management, including a move from manual to computerized systems at the federal level for Bank-financed projects channeled through Ministry of Finance and Economic Development (MOFED), recruitment of roving accountants and intensive training of accountants to build project management capacity and of Office of the Federal Auditor General (OFAG) and Audit Services Corporation auditors, which audit about 90 percent of Bank financed projects. Internal audit training is planned for FY11. Very little progress has been made toward improving the timely submission of withdrawal applications.
- As a critical step in improving weak Monitoring and Evaluation (M&E) and results frameworks, an M&E workshop for Bank Task Team Leaders and government counterparts, followed by project clinics to address specific challenges in implementing and reporting on project M&E, is planned for FY11.

31. **Recently, the Bank has also begun enhanced and joint supervision of financial management under large multi-donor programmatic investments.** Enhancements are designed to help prevent loss of project resources, including by providing a system for full supervision coverage at the federal, regional and *woreda* levels. This enhanced financial management supervision ensures better sharing of knowledge among donors on financial management issues and coherent and efficient dialogue with GoE.

C. Adjustments to the CAS Program

32. **The FY08-10 CAS program continued to be aligned with the PASDEP objectives which have remained unchanged through CAS implementation.** Changes largely facilitated GoE's progress toward its objectives, and larger than programmed resource availability. In addition, in FY10 the Bank began tracking relevant IDA core indicators for new lending approvals and projects under implementation.

33. **An IDA 15 allocation that was larger than foreseen, and also front loaded, supported a lending volume greater than that presented in the CAS.** The CAS was prepared before IDA15 had been allocated and thus included only indicative future commitments, based on an IDA14 allocation of US\$1.875 billion. However, the IDA15 replenishment, coupled with no changes in Ethiopia's overall Country Policy and Institutional Assessment (CPIA), resulted in an allocation equivalent to about US\$2.5 billion for FY09-11, some 80 percent of which has been committed in FY09 and FY10. The Government requested frontloading of the program to help meet its external financing needs and sustain overall macro-economic performance.

34. **The Bank also responded rapidly to GoE's request to help mitigate a looming food crisis in FY09.** To help Ethiopia avoid a crisis due to drought and food shortages, in November 2008 the Bank added support for an emergency food crisis response program. Under this program, two IDA credits were approved:

- additional financing for the Productive Safety Net Program (PSNP), which supported food and cash assistance to food-insecure households, and
- a Fertilizer Support Project providing foreign exchange to support the import, distribution and sale of fertilizer.

These credits were financed in part through portfolio restructuring, under the terms of the GFRP, which allowed the reallocation of US\$137.5 million.

35. **The program has comprised sector investments most of which were planned in the CAS, with the exception noted above and a few other additions.** In the absence of agreement with GoE on significant changes in structural policies, the economic conditions for a PRSC have not materialized. The program of investments anticipated in FY08 and FY09 went forward largely as planned, with some upward adjustments in program size to accommodate financing needs and the addition of a regional agriculture program reflecting the Africa Region's growing commitment to regional initiatives. For FY10, additional financing has been favored as the most efficient lending instrument instead of the new operations that had been programmed for public sector capacity building, roads, and water supply and sanitation, and enabled expedited preparation to bring the latter forward from FY11. The prospective project for rural development was renamed the Agriculture Growth Program to reflect its emphasis on growth as an essential complement to ongoing efforts targeted directly at food insecure households, and has been postponed to FY11. Additional private sector development support has been delayed because the existing project has progressed more slowly than expected. Additional financing for the electricity access expansion project was added to better support distribution networks in urban areas. Table 2 provides a detailed comparison of the original CAS Program, actual commitments, and the indicative program for FY11.

Table 2: Revised CAS Lending Program, FY08-11 (Actual or Indicative)

See Paragraph 45 for discussion of the proposed FY12 lending program.

Original CAS Lending Program (US\$ M)		CAS Progress Report Lending Program (US\$ M)	
FY08		FY08 Actual	
Rural Electricity Access Expansion 2	\$133.5	Rural Electricity Access Expansion 2	\$133.5
Protection of Basic Services Add. Financing	215	Protection of Basic Services Add. Financing	215
Ethiopia/NBI Power Export: Ethiopia/Sudan	41	Ethiopia/NBI Power Export: Ethiopia/Sudan	41
Tana Beles Integrated Water Resources	45	Tana Beles Integrated Water Resources	45
Urban Local Government Development	100	Urban Local Government Development	150
Sustainable Land Management	20	Sustainable Land Management	20
Nutrition	30	Nutrition	30
Pastoral Community Development 2	50	Pastoral Community Development 2	80
<i>Total FY08</i>	<i>\$634.5</i>	<i>Total FY08</i>	<i>\$714.5</i>
FY09		FY09 Actual	
Protection of Basic Services 2		Protection of Basic Services 2	\$540
General Education Quality Improvement		General Education Quality Improvement	50
Sustainable Tourism		Sustainable Tourism	35
Roads Adaptable Program Loan APL 4		Roads APL 4	245
		East Africa Agriculture Program**	30
		Global Food Crisis Response Program:	
		<i>Fertilizer Support Project</i>	250
		<i>Productive Safety Net APL 2 AF</i>	25
		<i>Restructuring</i>	(\$137.5)
<i>Total FY09</i>	<i>\$635*</i>	<i>Total FY09</i>	<i>\$1,037.5</i>
FY10		FY10 Actual	
Productive Safety Net Program APL 3		Productive Safety Net Program APL 3	\$480
Rural Electricity Access Expansion 3		Electricity Access Expansion Add. Financing	180
Rural Development		Public Sector Capacity Building Program AF	50
PSD Support		Water Supply and Sanitation Add. Financing	80
Public Sector Capacity Building Program		Roads APL2 Additional Financing	100
<i>Total FY10</i>	<i>\$635*</i>	<i>Total FY10</i>	<i>\$890</i>
FY11		FY11 Indicative	
Power/Ethiopia Kenya Interconnector		Agricultural Growth Program†	\$150
Water Supply and Sanitation		Protection of Basic Services 2 Add. Financing	\$340
Sustainable Land Management 2			
Pastoral Community Development 3			
Roads APL 5			
Possible PRSC			
<i>Total FY11</i>	<i>\$635*</i>	<i>Total FY11</i>	<i>\$490</i>
Total Lending FY08 – FY11	\$2,539.5	Total Lending FY08 – FY11	\$3,132

* Indicative IDA 15 amount based on FY08 IDA allocation. ** Regional program. † Includes \$86.5 million allocated from the Crisis Response Window. “tbd” to be determined.

37. **As anticipated in the CAS, the lending program is shifting towards investments that are programmatic in nature, results based and include multiple donors.** All lending in FY10 supported one of the eight comprehensive government results-based, multi-donor programs described in paragraph 26. In comparison, about half of the investments approved in FY08 and FY09 were programmatic, results based and multi-donor in nature (PBS, General Education Quality Improvement Program (GEQIP), Roads, PSNP, Rural Electrification, and Sustainable Land Management). These programs help facilitate coherent dialogue that focuses on results on program implementation and important policy issues, including capacity development, and reduces transaction costs for GoE by providing an efficient platform for dialogue. They have served as models to other countries seeking to apply a results-based approach and have been important inputs into the discussions around the design of a new results based investment lending instrument. Ethiopia was the first country to endorse the new International Health Partnership, a multi-donor program inaugurated in 2009, through which development partners intend to channel programmatic support for health in the future through an intended pilot of the results based instrument.

38. **Much of the support to Ethiopia from other donors has continued to be channeled through a variety of Bank-administered trust funds which build on the results-based focus of Bank-financed programs.** The trust fund portfolio continues to be one of the largest in the Africa Region and has disbursed US\$787 million so far during the CAS period. Trust funds include multi-donor and single-donor funds set up exclusively for specific programs in Ethiopia, as well as grants under global and regional programs such as the Global Environment Facility (GEF), Education for All – Fast Track Initiative (EFA-FTI), the Nile Basin Initiative (NBI), and the Global Partnership for Output Based Aid (GPOBA).

39. **The Bank’s AAA program was carried forward largely as planned with some delays in timing.** These delays arose partly because of our focus on frontloading the lending program to help GoE meet its external financing and macro-economic needs, particularly in the roads and energy sectors, and partly reflected longer than anticipated review processes by GoE. There was in addition a focus on growing areas of concern such as climate change. As anticipated, the Bank undertook jointly with the government investment climate assessments in urban and rural areas to help strengthen existing government mechanisms for data collection around country objectives, together with annual public finance reviews. The Bank and GoE also carried out studies on the growth corridors in Amhara and Addis Ababa to explore ways to manage their economic potential better, and derive maximum development benefits from economic activity. Findings of a study on unleashing the economic potential of women, looking at the linkages between gender and poverty may form the basis for a possible FY12 lending proposal.

40. **As anticipated in the CAS, IFC resumed investment activities in FY08, and in early FY09 posted a representative in Ethiopia after a hiatus of about eight years.** Following its strategy to explore direct investments in high growth priority sectors, IFC committed a US\$55 million loan to a cement manufacturing plant in FY08, and in FY10 committed an investment of US\$11.3 million in the mining sector to help expand and diversify export revenues. In addition, US\$10 million of a US\$50 million regional investment in FY09 with a Saudi hospital operator will be used to establish a new hospital in Addis. However, GoE restrictions on foreign borrowing, foreign ownership, lending growth, and regulated tariff structures have held up a series of initiatives that could have deepened financial markets, improved access to financing, particularly for smaller firms that dominate the economy, and attracted private investments in the power generation sector. Despite these restrictions, IFC has continued to find innovative ways to support Ethiopian agribusiness and manufacturing corporates and Micro & Small/Medium Enterprises (MSMEs), using domestic banks as vehicles

when required. For example, IFC is working with TechnoServe and selected domestic banks to guarantee lending to coffee farmer cooperatives under the Ethiopian component of the East Africa Coffee Initiative, a US\$50 million rural income improvement program funded by the Gates Foundation. In addition, IFC is working with the Ethiopia Commodity Exchange and domestic commercial banks to develop a warehouse receipts finance market. This market would help small- and medium-size firms, in the agricultural production and marketing value chain, access credit through standardized and affordable lending instruments (Warehouse Receipt Loans) to finance their operations and grow their businesses. In manufacturing, IFC is exploring support to industrial zones projects, and the companies which would eventually locate in them, with one project under active development. Finally, IFC was instrumental in the establishment of the Ethiopia Public-Private Dialogue Forum. Together with UNDP, IFC will fund the first years of operations, and it will expand its staffing to support the program.

IV. STRATEGY GOING FORWARD: FUTURE BANK ENGAGEMENT

41. **The overall objectives set out in the original CAS remain valid, and are broadly consistent with the GTP—GoE’s new PRSP—which puts increased emphasis on private sector involvement in economic growth.** Several adjustments in the CAS program are needed to respond to the changing environment and progress toward CAS outcomes, and to capitalize on potential post-election opportunities to move forward including on needed structural changes. Overall, this CASPR introduces the following two adjustments:

- a) **The current CAS period will be extended by one year to cover FY12.** This extension reflects the fact that the CAS’s main themes and pillars remain appropriate but also responds to three particular concerns. First, as discussed in section III.A above, progress toward the outcomes specified in the CAS has, overall, been slower than expected. Besides adapting some of the indicators where they were over-ambitious, overlapping or difficult to monitor, an additional year for implementation will better ensure achievement of the targeted outcomes. Second, it is important for the next CAS to be based on a strong understanding of poverty in Ethiopia. Current, detailed data on the incidence and distribution of poverty date from 2005, and the next household survey (due to begin in fall 2010) is unlikely to produce information until well into FY12, so a CAS written in FY12, to cover FY13 and beyond will be better able to ensure appropriate targeting of Bank activities. Third, it gives the Bank a year to better understand the GoE’s GTP, and design in collaboration with the GoE a program that reflects shared priorities.
- b) **The CAS Results Matrix has been revised, updated, and streamlined to improve its quality and realism.** The original matrix was rather long and ambitious with 26 core outcomes and 51 indicators. Baselines and targets were missing from some indicators, with data not readily available. The matrix has been revised and streamlined to 22 core outcomes and 38 indicators (7 of which are non-core). A CAS outcome to mainstream gender considerations in the project development objective of all lending, from FY11 onwards, has been added. Three CAS outcomes have been dropped where either progress has been substantially slower than expected, reflecting shifts in GOE’s priorities, or there is an absence of an underlying Bank program, or data is not expected to become available during the CAS period. Two other outcomes have been consolidated to reduce overlap. The revised matrix also reflects the moderately slower pace of implementation in some cases; overambitious targets have been modified to more realistic levels and/or the timeframe extended. Most targets have been revised and adjusted to coincide with the extension of the CAS period through FY12. The revised

results matrix continues to include a mix of high-probability, but relatively, low-impact outcomes, as well as some lower-probability but higher-impact outcomes. As such, consistent with the CAS, **satisfactory performance will have been achieved if 70-75 percent of the entire set of outcomes are fully attained** by the end of the revised CAS period. Annex 1 presents the revised matrix. Annex 2 explains the changes made to the core outcomes and related indicators, and Annex 3 summarizes the revised set of core CAS outcomes.

42. **The focus of lending and AAA activities will continue to support the CAS's dual take-off strategy and strong partnerships with other donors.** The emerging consensus among donors active in Ethiopia is that the conduct and outcome of the 2010 national elections need not imply major change in collective engagement with GoE, although they reinforce concerns about the space for the contestation of ideas. Within the framework of the GTP, the Bank will therefore continue to look for elements that can help promote more accurate and accessible information that expands the space for citizen engagement and private sector initiatives. Increasing support to development programs at the local levels will present opportunities for citizens to engage more actively in development-related decisions as well as to ensure greater transparency and accountability. More conscious support to programs that address needs at the community levels or of disadvantaged groups (especially, women) could be another way to build on the Government's strong commitment to equity. Supporting GoE's own new emphasis, the Bank will also promote new ways of supporting innovations by the private sector to improve the investment climate, including through a role in modernizing the financial sector. Finally, the Bank anticipates continuing with other donors its partnerships with the private sector and civil society, including academia, to help them play their important role in the development process.

43. **Decentralization has continued to gain prominence in the Bank's lending program and policy dialogue, reflecting its importance in the GoE's strategy.** Decentralization is embodied in Ethiopia's 1994 constitution. It has been progressively implemented, especially over the last ten years, as capacity at lower levels of government has developed, with support from the Bank, and other development partners, through a range of interventions, including both PSCAP and PBS. These programs both recognize the risks that weak decentralized capacity may pose, and have components specifically directed to address those risks. Reflecting this approach, Bank investments and AAA activities across the portfolio are carried out increasingly at the regional and *woreda* level, although the legal and financial structures on which these activities are based remain focused at the federal level. Looking forward, the Bank will explore with GoE how this decentralized focus should evolve and the case for streamlining the underlying legal and financial structures for Bank engagement.

44. **Based on extension of the CAS period, and country and portfolio developments, including progress toward CAS outcomes, the proposed lending program and AAA is different than that presented in FY08.**

- The FY11 core lending program (Table 2) is expected to consist of the US\$150 million Agricultural Growth Program, delayed from FY10, together with additional financing of US\$ 340 million for PBS 2, which is needed as IDA funding for the PBS 2 block grant component has been exhausted, and PBS 2 underpins a large number of CAS outcomes on access to and quality of basic services, reducing vulnerability and fostering improved governance. The proposal under discussion with the GoE would provide up to two extra years of block grant support (leveraging new financing expected from other donors).

Besides continuing to support delivery at the local level in education, health, agriculture, water supply and sanitation, and rural roads, PBS 2 would also sustain improvements in public financial management systems to promote service delivery, and deepen transparency and local accountability.

- Of the original FY11 program, two operations are deferred to FY12—see below—while one was advanced to FY10 as additional financing (Water Supply and Sanitation). The remaining three operations have been delayed until at least FY13—the Ethiopia/Kenya interconnector depends on whether environmental issues regarding the Gibe III hydropower scheme are satisfactorily addressed; the Pastoral Community Development Program received more financing than expected in FY08, which, when coupled with slower than expected implementation, means there is no likely financing need in FY11 or FY12; the Roads APL 5 depends on completion of an ongoing piece of AAA and agreement with GoE on a program for universal roads access.
- The non-lending program for FY11 and FY12 will focus on key themes critical to implementing GoE’s strategy. It will revolve around a series of deliverables to explore innovations tailored to the Ethiopian context, and through which to improve decentralized service delivery, spur private sector led industrial growth and ensure food security. Dissemination will build on a successful seminar series hosted by the University of Addis Ababa (supported by the Bank and other donors), and will include inputs and commentary from cutting edge leaders and practitioners from within and outside of Ethiopia. Building on previous climate change AAA, the Bank is also producing a comprehensive analysis aimed at spelling out the economics of adaptation (EACC), from both a sectoral and macro perspective. The findings of this report will help inform the dialogue on how the Bank could support GoE’s efforts to promote a carbon neutral and climate resilient economy. This might include follow-up AAA work that would spell out the policy and operational implications of the EACC results in selected strategic sectors (such as transport, irrigation, energy) and underpin possible future lending in this area.

45. **For FY 12, the Bank is currently discussing the precise program with GoE.** Subject to the resources available under IDA 16, it is expected to include some additional financing proposals to scale up existing operations (e.g. rural electricity, roads, private sector development). We are also discussing a new phase of the Sustainable Land Management Program, likely with a strengthened emphasis on land administration. Beyond that the Bank has identified for discussion an operation to build on ESW about women’s economic empowerment, and another to explore the potential of piloting results-based investment lending to support achievement of the health sector MDGs in Ethiopia, building on progress in the health sector supported by PBS 2, experience with results based approaches (e.g. under a GPOBA grant) and the IHP. The program will include a PRSC, if the Bank and GoE can agree on an agenda of structural changes, particularly those relating to private sector development, including industrial, financial sector, telecommunication and land policy.

46. **The IFC will continue to explore opportunities for deepening its engagement.** Its strategy, which it has fine tuned based on about two years of renewed engagement, focuses on supporting private sector investment in agribusiness and the industrial sectors where there is strong market growth combined with a lack of supply response, and/or strong export potential. Where opportunities arise, it will seek to integrate its advisory services and investments building on the advanced partnerships forged with domestic banks, the Ethiopia Commodity Exchange and other partners. IFC will work through the financial sector, where possible, to improve access to finance, and in infrastructure to explore avenues for private participation that may emerge

through large-scale projects under consideration. It will continue to partner with the Bank and others on policy dialogue related to growth and private sector development, including through the recently established Ethiopia Public-Private Dialogue Forum, which may become a platform for more focused advisory assistance on various areas of investment climate reform.

V. RISKS AND MITIGATION

47. **The four main risks identified in the CAS are still valid.** Risk is relatively steady in two areas—governance-related risks and macroeconomic risks—and mitigation are the same as described in the CAS. It has increased in two others—vulnerability to external shocks and weak capacity.

48. **There is heightened vulnerability to external shocks due to a risk of food price shocks that could result from a rise in global commodity prices, uncertainty of the probability of major drought or extensive rains in the near future, and a risk of decreased availability of external finance.**

- Ethiopia appears on course for a good domestic harvest in 2010. However, the country has a structural food deficit, making it reliant on food aid, and it is also experiencing changing consumption patterns, both of which make Ethiopia somewhat vulnerable to an increase in global wheat prices. Climatic conditions this year seem likely to depress wheat production, and prices are therefore likely to rise significantly.
- The CAS did note the prevalence of drought in Ethiopia and the potential for resulting impacts. In addition, as weather patterns become more erratic because of climate change, extreme events such as droughts or floods may become both more frequent and more intense. Quite conceivably, after six years without a severe drought, the next occurrence may have a major impact. To mitigate the risk of extreme weather events, the Bank has been supporting the government to prepare a disaster risk management strategy which is pending ratification and implementation. A drought could result not just in food shortages (to be mitigated through the Bank supported productive safety net program), but also have an impact on power generation as Ethiopia relies heavily on hydroelectric power. The government is mitigating this risk through increasing energy capacity, improving energy efficiency, and through interconnectivity with neighboring countries. Increased rains could have implications for flooding which the government is mitigating through the development of flood management systems with Bank support.
- There is some evidence that African countries continue to be vulnerable to the financial crisis in other parts of the world. The unfolding debt crisis in Europe may have reverberations that are more serious than the first wave of the financial crisis and Ethiopia's access to external sources of financing may tighten, particularly if governance or environmental concerns are exacerbated. To mitigate this risk, the Bank will maintain our close dialogue with the government, private sector and civil society representatives, other donors and regional institutions. Potential options for responding include a further portfolio restructuring to accelerate disbursements for programs with broad agreement; or bringing forward a PRSC provided there were to be agreement on an appropriate program of structural changes.

Effects of rain failure or a rise in global commodity prices likely will be more pronounced if energy shortages and currency issues are not addressed and credit to the private sector remains tight.

49. **Risks related to weak capacity are increasing as the Bank's program engages more and more at the local level.** The Bank will continue to support improvements in financial management and procurement capacity as described in the CAS to mitigate this risk. In addition, the Bank's move toward programmatic support, by supporting a comprehensive government sector program implemented by civil servants rather than isolated ring-fenced donor financed projects that operate in parallel to government programs, facilitates coherent policy recommendations and suggestions on institutional policies that could help the government find and adopt solutions to build capacity. However, this brings with it a subsidiary risk that if, for any reason, the development partnership underlying such programmatic approaches were to fragment, the implementation approaches used for most of the Bank's program would need to be reviewed and revised.

ANNEX 1: CAS Results Framework

Longer-Term Development Agenda for Ethiopia		Outcomes Influenced by the CAS Program by end Fiscal Year (FY) 2012			
Strategic and Longer-Term Country Outcomes	Issues/obstacles and Bank strategy	CAS Outcomes that the Bank expects to influence and indicators (the 21 CAS core outcomes are bolded and shaded)	Milestones	Progress to date	Bank Assistance and Partners ¹
Strategic Objective 1: Fostering economic growth					
1.1 Support macro-fiscal stability	<i>Rapid growth poses risks of macro imbalances (especially inflation and external balance). GoE is well aware of these risks and addressing them. The Bank, with IMF, to continue providing policy advice and look ahead for emerging issues.</i>	1. Structural and macroeconomic policies are conducive to sustain internal and external balance I1. Inflation rate declines from 34% in 2007/08 to single digits by 2010/11 and is sustained through 2011/12. Progress to date: Inflation declined to 7.3% in June 2010. (The annual moving average inflation rate at June 2010 is 2.8%)	M1. Prudent management of monetary policy to curb inflation. M2. Establishment of M & E system for investment and contingent liabilities in the public enterprises.	m1. Broad money growth has slowed down, but reserve money growth rate has increased. m2. A Committee has been set up to monitor domestic borrowing of public enterprises, but not their investment programs.	AAA Macro Fiscal Issues Growth New Lending Possible PRSC Partners IMF
	<i>Revenue growth has fallen short of GDP growth recently and constrains the fiscal space. IMF and the Bank have worked closely with GoE in developing a plan for more effective domestic resource mobilization. The Bank to continue the effort.</i>	Increase domestic resource mobilization I2. Revenue/GDP ratio increases from 12.1% in 2007/08 to 14.3% in 2011/12. Progress to date: Revenue/GDP fell to 12.0% in 2008/09, but is expected to increase marginally to 12.6% in 2009/10.	M3. Timely preparation of an integrated and consistent Macro-Economic and Fiscal Framework. M4. Full implementation of ongoing tax administrative reforms.	m3. MEFF is prepared on time and its consistency has improved, though some of its macro assumptions need further improvements. m4. Tax administrative reforms are under implementation, though IMF has recently suggested more changes.	AAA Public Finance Review (JBAR) Macro Fiscal Issues Growth Public Expenditure Review On-going Lending PSCAP New lending Possible PRSC Partners IMF, PSCAP Partners ²
1.2. Accelerate the level and productivity of investment in infrastructure in a sustainable manner	<i>High costs due to lack of competition and slow contractor performance in implementation constrain the progress of ambitious road network expansion plan. To remedy this, GoE is keen to strengthen domestic construction industry. The Bank will support GoE in developing a program to foster domestic industry and robust competition.</i>	2. Strengthen road sector institutions and domestic road construction industry I3. Volume of civil works contracts disbursed by Domestic Contractors increased from 35% of total in 2007/08 to 54% by 2011/12. Progress to date: 43% showing steady progress from the base line in 2009/10.	M5. Domestic Construction Industry (DCI) policy formulated and comprehensive capacity building program launched.	m5. The DCI policy was drafted and distributed for feedback in early 2009. The comprehensive capacity building program has not yet been launched, pending finalization of the DCI policy and increased priority given to it within the Ministry of Works and Urban Development.	AAA Strategic Review of Road Sector Development On-going Lending Road Sector APLs 2-4 New lending Roads APL 3 AF Partners EC, DFID, AfDB

¹ List of partners is not intended to be exhaustive and any omissions are unintentional.

² PSCAP Partners include DFID, CIDA, and Irish Aid, with Italy and EU support planned.

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Strategic and Longer-Term Country Outcomes	Issues/obstacles and Bank strategy	CAS Outcomes that the Bank expects to influence and indicators (the 21 CAS core outcomes are bolded and shaded)	Milestones	Progress to date	Bank Assistance and Partners ¹
<p>1.2. Accelerate the level and productivity of investment in infrastructure in a sustainable manner (continued)</p>		<p>Improve road density I4. Road density per 1000 sq.km increases from 38.6 km in 2007 to 45.7 km in 2011/12. <u>Progress to date:</u> 42.6 km in 2010.</p>	<p>M6. Ethiopian Road Authority reformed on commercial basis and operational departments spun off from ERA.</p>	<p>m6. The government plans to unbundle the ERA into operational and regulatory institutions by end-2010. A regulation establishing the Ethiopian Roads Construction Corporation and a proclamation for the re-establishment of the ERA are being submitted as drafts to the Council of Ministers.</p>	
	<p><i>Ethiopia's economic fortunes are closely linked with neighboring countries in a number of ways. The Bank will support regional investments that can not only bring economic benefits, but can also build greater interdependence, which could reduce the likelihood of intra-regional conflict. In both respects, regional integration can be a key factor in helping to sustain Ethiopia's recent economic growth.</i></p>	<p>3. Enhance regional integration I5. Power traded between Ethiopia, Sudan, and/or Djibouti. <u>Progress to date:</u> Power is planned to be traded starting in 2010.</p> <p>I6. Establishment of an East Africa Power Pool under the NBI framework by end-2011/12. <u>Progress to date:</u> Funds have been allocated to carry out studies to develop an East Africa Power Pool.</p>	<p>M7. Transmission line from Ethiopian power grid to Sudanese border completed.</p> <p>M8. Eastern Nile strategic basin assessment and assistance strategy completed.</p>	<p>m7. Transmission interconnector with Sudan is under construction. Power Purchase Agreement has been signed.</p> <p>m8. Eastern Nile Strategic Basin Assessment and assistance strategy underway; draft report anticipated in Nov. 2010.</p>	<p>On-going Lending Ethiopia/Nile Basin Initiatives Power Export: Ethiopia/Sudan Partners AfDB, NBI Partners</p>
	<p><i>GoE is committed to expand generation capacity and access rapidly. Care needs to be taken to ensure efficient modalities of delivery (i.e., grid vs. off-grid) and implementation. Expansion of generation capacity requires careful phasing and financial planning. The Bank will focus on offering advice on efficient plans and providing or facilitating financing where needed.</i></p>	<p>Increase access to electricity I7. Percent of towns with access through at least one connection to electricity increases from 16% in 2004/05 to 50% in 2010/11. <u>Progress to date:</u> >50% in 2010.</p>	<p>M9. Increase the pace of connections to the grid by 20% in electrified towns and villages, leveraging Output Based Aid (OBA) instruments.</p>	<p>M9. The electrification program has progressed well, but there is a country wide moratorium on new connections, including GPOBA beneficiaries. Ethiopian Electric Power Corporation should resume connections in September 2010.</p>	<p>On-going Lending Energy Access SIL Rural Access Exp'n 1 Rural Access Exp'n 2 GEF Energy Access New lending Rural Access Exp'n 2 AF Partners EIB, EC, AfDB, Italy, China, India, Kuwait Fund, GPOBA</p>
<p>1.3. Increase productivity of agriculture</p>	<p><i>Raising agriculture productivity has been central to PASDEP. Extension services need further strengthening. There is some</i></p>	<p>4. Increase agricultural productivity in selected intervention areas I8. Average agriculture value</p>	<p>M10. Increase in area with land certification.</p>	<p>m10. Coverage of private rural land holdings with first level certificate estimated at 44% in 2007 and 66% in</p>	<p>AAA Rural Investment Climate Assessment Rural Access Development</p>

ANNEX 1: CAS Results Framework

Longer-Term Development Agenda for Ethiopia		Outcomes Influenced by the CAS Program by end Fiscal Year (FY) 2012			
Strategic and Longer-Term Country Outcomes	Issues/obstacles and Bank strategy	CAS Outcomes that the Bank expects to influence and indicators (the 21 CAS core outcomes are bolded and shaded)	Milestones	Progress to date	Bank Assistance and Partners ¹
	<i>ambiguity on whether productivity has increased significantly. The Bank's PBS and RCBP will continue to help improve access and quality of extension services. Some analytical work is likely to help ensure proper focus of resources on the right interventions for productivity enhancement.</i>	added to increase by 5% per annum Progress to date: Average agricultural value added increased 7.5% in 2007/08 and 6.0% in 2009/10.	M11. Results-based M&E system developed for agricultural extension, vocational education, and research. M12. Sustainable Land Management Project (SLMP) and Tana Beles Project actively implemented in a minimum of 35 <i>woredas</i> . M13. Feasibility studies completed for irrigation of 104,000 ha by end-2011/12.	2009. m11. (a) Development of M&E system for the national agricultural research under way. (b) M&E for agricultural extension and vocational education under RCBP has made progress including through an impact assessment study (June 2010). m12. SLMP is under active implementation in 35 <i>woredas</i> and Tana Beles Project in 5 <i>woredas</i> . m13. Feasibility studies for 24,000 ha have been completed, and are underway for an additional 80,000 ha.	Regional Growth Study On-going Lending PBS 2 Pastoral Community Development Program 2 (PCDP 2) Irrigation & Drainage SIL Sustainable Land Management1 Specific Investment Loan (SIL) Tana Beles Eastern African Agricultural Productivity Capacity Building for Agriculture Service New Lending PBS 2 AF Sustainable Land Management 2 SIL Agricultural Growth Program Partners REDFS group ³
1.4 Strengthen supply responsiveness of industry and services sector	<i>Inefficiency of the banking sector will hamper private sector growth.</i>	5. Improve financial sector performance I9. Credit to the private sector as a ratio to GDP increases from 12% in 2005/06 to 16% in 2011. Progress to data: Credit to the private sector increased in absolute terms from ETB16.1 billion in 2005/06 to ETB30.5 billion but in relative terms it decreased to 9% of GDP in 2009.	M14. Conclude the implementation of National Payments Systems (NPS) and the Credit Information Center (CIC),	m14. IDA has provided its no objection to the procurement process for both assignments and for the NBE to proceed to contract negotiations with the chosen firms for the NPS and CIC	AAA Financial Sector Review On-going Lending Financial Sec. Cap. Bldg. New Lending Possible PRSC Partners IMF
1.4 Strengthen supply responsiveness of industry and services sector (continued)	<i>The low penetration rate of telephone service and the high rate for international calls hinder private sector growth. Limited access to internet also hurt small</i>	6. Reduce cost of internet service I10. Cost of broadband and dial-up Internet services to decline by 40% and 20%, respectively, between 2008 and 2011.	M15. At least 5 private retail Internet Service Providers operational.	m15. While Ethiopian Telecommunication Agency has licensed 5 private ISPs, none are operational.	AAA Telecom Reform Options New Lending Possible PRSC

³ Rural Economic Development and Food Security (REDFS) Group includes AfDB, Austrian Development Cooperation, CIDA, DFID, EC, FAO, German Development Cooperation, IFAD IFPRI, Irish Aid, Italian Cooperation, JICA, Norway, SIDA, The Netherlands, UNDP, USAID, WFP.

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	<i>businesses. The focus on sustaining growth should open a space for further dialogue.</i>	Progress to date: Monthly cost of internet connection (incl. 600 minutes) fell from ETB60 in 2008 to ETB40 in 2010 (33% reduction). Broadband infrastructure is under development, but service is still limited. Monthly cost of a 2 Mbps ADSL connection has fallen from ETB47,479 in 2008 to ETB10,747 in 2010 (77% decrease).			
	<i>GoE's strategy has tended to pick a small number of 'winners.' To elicit much greater supply response from the economy, Ethiopia is likely to need a more open approach to promotion of investment. Focusing on the need to sustain rapid growth, encourage a strategic shift.</i>	7. Improved investment climate helps Ethiopia benefit from increased globalization I11. Cumulative increase in FDI of at least 40% by the end of the CAS period. Progress to date: FDI increased from about US \$365 million to about US \$880 million, about 141% increase between 2005/06 and 2008/09.	M16. Public-Private Dialogue (PPD) Forum reinstated and considered effective by private sector. M17. Revised Trade Practices Proclamation adopted to address current deficiencies.	m16. MOU between the Ethiopia Chamber of Commerce and Sectoral Association, governing the PPD process signed. m17. A revised Competition Law has been submitted and deliberated on by the Council of Ministers and is waiting to be lodged for Parliamentary approval.	AAA Investment Climate Assessment (ICA) Public Private Forum Tourism Competitiveness Service Trade and Growth Innovation for Devel'p't On-going Lending PSD Cap. Building Tourism Dev. Project New Lending PSD Cap. Building AF Partners US, EC, DFID, ADB, IMF
	<i>The quality and standards of corporate financial reporting in Ethiopia need to be improved and brought in line with international good practices. The necessary legal framework and institutional infrastructure for this need to be put in place.</i>	Improve quality of corporate financial reporting I12. Ethiopia's corporate sector follows accounting and auditing standards that are in line with International Financial Reporting Standards (IFRS) and International Standards of Auditing (ISA) as assessed by the 2012 ROSC. Progress to date: Financial reporting law and directive which require adherence to IFRS and ISA passed.	M18. Satisfactory national accounting and auditing standards issued, and legal framework established to ensure compliance with these standards.	m18. (a) Proclamation submitted to OFAG to adopt Ethiopian standards for IFRS and ISA--next steps COM and Parliamentary approval. (b) Draft Constitution, by laws and Code of Conduct for Institute of CPAs of Ethiopia and draft organizational structure and scope of activities of the National Accounting and Auditing Board submitted to OFAG.	AAA ROSC Accounting and Auditing EITI MDTF
Strategic Objective 2: Improving Access to and Quality of Basic Service Delivery					
2.1 Improve	<i>PASDEP commitment to universal</i>	8. Increase girls' enrollment in	M19. Block grants to	M19. GoE continues to	AAA

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<i>access/coverage of basic services</i>	<i>education is strong, but continued improvement in decentralized service delivery is needed. The Bank to continue support for this process, with particular focus on creating more space for localized responses to address obstacles.</i>	<p>primary and secondary education</p> <p>I13. Ratio of girls to boys in primary school increases from 89% in 2006/07 to 93% in 2011/12 in grades 1-4 (1st cycle of primary), 76% to 93% in grades 5-8 (2nd cycle of primary), from 63% to 75% in grades 9-10 (1st cycle of secondary) from 50% to 50% in grades 11-12 (2nd cycle of secondary) (the 2011/12 target for grades 11-12 is the same as the 2006/07 baseline due to decline in percentage in 2008/09)</p> <p>Progress to date: Ratio of girls to boys in 2008/09 in Grade 1-4 was 90%, in Grade 5-8 89%, in Grade 9-10 72%, and Grades 11-12 41%.</p>	<p>woredas continue to increase.</p> <p>M20. PCDP coverage increased to address special needs of pastoralist children.</p>	<p>increase block grants to regions & woredas every fiscal year. In 2006/07 US\$1.1 billion was distributed and increased to US\$1.47 billion in 2009/10.</p> <p>m20. In the first phase of the program, PCDP covered 32 woredas (2003-2007), and in the second phase (2008-present) the coverage increased to 55 woredas.</p>	<p>Decentralized Service Delivery</p> <p>On-going Lending</p> <p>PBS 2</p> <p>Pastoral Comm. Devt. 2</p> <p>GEQIP</p> <p>New Lending</p> <p>PBS 2 AF</p> <p>Partners</p> <p>PBS Partners⁴</p>
	<i>While progress has been made, access to potable water and sanitation services remains low. Availability of resources remains a big challenge, and sustainability of the system deserves attention. The Bank has been well engaged in the sector. It will continue to scale up support in part by bringing other donors into the sector.</i>	<p>9. Increase sustainable access to potable water and sanitation services</p> <p>I14. Total population with access to safe drinking water (rural and urban) increased from 52% in 2007/08 to 74.5% in 2011/12.</p> <p>Progress to date: 66.2% in 2009/10.</p> <p>I15. % of rural/urban households using latrines increased from 39% 2007/08 to 60% 2011/12.</p> <p>Progress to date: 56% in 2009/10.</p> <p>I16. Proportion of malfunctioning rural water facilities reduced from 25% in 2007/08 to 16% in 2011/12.</p> <p>Progress to date: 20% in 2009/10.</p>	<p>M21. User groups organized to operate and maintain water points and promote hygiene and sanitation practices.</p> <p>M22. Autonomous urban utilities strengthened to operate with business plans and with improved management.</p>	<p>m21. 90% of participating communities are organized to plan, manage, and operate their WSS schemes and coordinate with the health extension workers in promoting health and sanitation practices.</p> <p>m22. 85% of the 87 small towns pop. <15,000; 50% of the 29 large towns pop. >15,000; and 100% of the six loan receiving towns have autonomous board management and most have completed business plan.</p>	<p>AAA</p> <p>Decentralized Service Delivery</p> <p>Public Finance Review-Water</p> <p>On-going Lending</p> <p>Urban Water and Sanitation</p> <p>Water Supply & Sanitation</p> <p>SIL</p> <p>PBS 2</p> <p>Pastoral Comm. Devt. 2</p> <p>Urban Local Government</p> <p>Development</p> <p>New Lending</p> <p>PBS 2 AF</p> <p>Partners</p> <p>DFID</p>
2.1 Improve access/coverage of basic services (continued)	<i>GoE's commitment to improving access to health care is clear, but there is a scope for much greater harmonization. The Bank will focus on resource mobilization</i>	<p>10. Increase delivery of key health services: malaria control, HIV/AIDS prevention, vaccination, nutrition, contraception</p> <p>I17. Proportion of children</p>	M23. Woreda governments receive increased funding for service delivery through block grants and	m23. See M29 for block grants Distribution of Medical equipment and supplies was completed for 976 health centers as of	<p>AAA</p> <p>Decentralized Service Delivery</p> <p>Health Financing Policy Note</p> <p>Education and Nutrition</p>

⁴ PBS Partner Group includes World Bank, DFID, AfDB, EC, CIDA, KfW, Netherlands, Austria, Italy, Ireland, Spain.

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	<i>and efficiency of resource use. It will support Ministry of Health (MoH) implement its road map for International Health Partnership (IHP).</i>	<p>vaccinated against DPT3 increases from 72.6% in 2006/07 to 83% by 2009/10. Progress to date: 82% in 2008/09 and it is expected to reach 85% by June 2010.</p> <p>I18. Number of new malaria cases decreases from 370,000 in 2006/07 to 100,000 by 2011/12. Progress to date: Progress assessment pending Demographic Health Survey 2010.</p> <p>I19. Percentage of young people (age 15-24) with understanding of how to prevent HIV/AIDS transmission increases from 67% of women and 54% of men in 2004/05 to 75% overall by 2011/12. Progress to date: Progress Assessment pending the follow-up Demographic Health Survey 2010.</p>	<p>increased amounts of centrally procured health commodities with PBS support.</p> <p>M24. 2.4 million replacement Insecticide Treated Nets distributed between beginning-2009/10 and end-2011/12.</p> <p>M25. Donors and MoH make progress on implementation of IHP roadmap.</p>	<p>2010.</p> <p>m24. 1.7 million Insecticide Treated Nets were distributed in 2009/10.</p> <p>m25. IHP+ roadmap finalized and the first round review of Health Sector Development Programme-IV zero draft using JANS tools conducted. Following the review a second draft was prepared and circulated in May 2010 for another review.</p>	<p>Linkages</p> <p>On-going Lending</p> <p>PBS 2</p> <p>Multisectoral HIV/AIDS 2</p> <p>Pastoral Comm. Devt. 2</p> <p>Nutrition SIL</p> <p>New Lending</p> <p>PBS 2 AF</p> <p>Health MDG Fund</p> <p>Partners</p> <p>PBS Partners, USAID, Global Fund for Malaria, TB and HIV-AIDS, Global Alliance for Vaccines and Immunization</p>
	<i>GoE's commitment to improving access to health care is clear, but there is a scope for much greater harmonization. The Bank will focus on resource mobilization and efficiency of resource use. It will support Ministry of Health (MoH) implement its road map for International Health Partnership (IHP)(continued).</i>	<p>I20. Percentage of pregnant women receiving iron and folate supplementation increases from 10% in 2004/05 to 23% in 2011/12. Progress to date: 19% as of August 2009.</p>	<p>M26. 95% of Multi-sectoral HIV/AIDS Program 2 (MAP 2) participating <i>woredas</i> implementing action plans on HIV/AIDS prevention targeting most-at-risk groups.</p>	<p>m26. <i>Woredas</i> have been implementing action plans on prevention focusing on Most at Risk Population Groups. .</p>	
2.2. Enhance quality of basic services	<i>With access significantly improved, GoE's focus is shifting toward quality enhancement. The Bank to support the general direction with expansion of PBS</i>	<p>11. Improve quality of education</p> <p>I21. Grade 5 completion rate increases from 65% in 2006/07 to above 87% in 2011/12. Progress to date: Primary school</p>	<p>M27. Primary grade 1-4 student-teacher ratio declines from 65:1 in 2006/07 to 54:1 in 2011/12.</p>	<p>m27. Pupil-teacher ratio in Grade 1-4 was 62:1 in 2008/09.</p>	<p>On-going Lending</p> <p>PBS 2</p> <p>GEQIP</p> <p>New Lending</p> <p>PBS 2 AF</p>

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	<i>funding and funding for Ministry of Education's own General Education Quality Enhancement Plan.</i>	completion rate (grade 5) increased to 78.9% in 2008/09.			Partners PBS Partners, USAID
	<i>Integrating essential healthcare services at the kebele level is key to harmonization of donor assistance. The Bank will help mobilize additional resources, achieve greater harmonization along the International Health Partnership (IHP) initiative, and strengthen results monitoring.</i>	12. Roll-out of kebele health extension package leads to improved services I22. Percentage of births attended by trained health personnel increases from 9% in 2004/05 to 27% in 2011/12. Progress to date: Skilled health attendant delivery rose from 20.7% in 2007/08 to 24.9% in 2008/09.	M28. Substantially all rural kebeles have two trained health extension workers (an increase to about 30,000 workers total from the 2006/07 baseline of 17,600).	m28. The GoE trained and deployed 31,831 health extension workers by 2009/10. This translates to a 106% achievement.	AAA Decentralized Service Delivery Health Financing Policy Note On-going Lending Nutrition SIL PBS 2 New lending PBS 2 AF Health MDG Fund Partners PBS Partners, USAID, WHO, UNICEF
2.3 Enhance citizens' voice to improve quality of basic services.	<i>Independent community radio service can help improve service delivery quality, if used as a vehicle for promoting awareness and social accountability. Support the development of a framework for operation of community radios.</i>	13. Greater use of community radios for improved service delivery I23. At least 10 woredas with community radio station in operation. Progress to date: Eight community radios have been set up and are operational.	M29. Regulatory and institutional framework for community radios in place covering licensing, training of trainers, and content development training.	m29. The Government has put in place the policy framework and regulations for licensing of both commercial and community radios.	Lending ICTAD project
Strategic Objective 3: Reducing Vulnerability					
3.1 Reduce exposure to chronic food insecurity and shocks	<i>With PSNP, GoE's focus has shifted toward a programmatic approach to food security. The key is to consolidate the other elements of the Program, particularly efforts to rebuild livelihoods of the poor, promote diversification and encourage innovation. Confirmation that households are beginning to move toward graduation is critical. The Bank to focus on ensuring PSNP will withstand the test of a real emergency.</i>	14. Reduce food insecurity I24. Reduce the average number of days chronically food insecure households participating in PSNP public works activities (comprising 5.75 m people) report being food insecure from 110.6 days in 2006 to 98.5 days by end-2010. Progress to date: PSNP public works participants that also received Household Asset Building Program reported being food insecure 97.1 days and PSNP public works participants for 98.6	M30. Proportion of PSNP program woredas completing 80% of transfer distributions by end-July annually increases from 12% in 2007 to 75% in 2010.	m30. 86% of Woredas completed in November 2009.	AAA Urban Safety Nets Note Rural Safety Nets Note Urban Poverty On-going Lending PSNP 3 Partners PSNP Partners

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		days in mid-2008.			
	<i>In moving to phase 3 of PSNP and designing effective interventions to ensure graduation, donors need clarity on GoE long term plan for food security and disaster risk management. Phase 3 of PSNP will be leveraged to engage GoE on this issue, which is central to PASDEP success.</i>	<p>15. Develop long-term strategy for food security and vulnerability to natural disasters</p> <p>I25. A food security program and disaster risk management strategy that is coherent and consistent with macro outlook developed.</p> <p>Progress to date: Food Security Program (2010-2014) and Disaster Risk Management Strategy developed that are consistent with macro outlook. Disaster Risk Management Strategy pending ratification.</p>	<p>M31. Impact assessment of PSNP completed.</p>	<p>m31. 2008 Impact Assessment completed. Final report dated 30 June 2009. 2010 Impact Assessment in progress.</p>	<p>AAA</p> <p>Urban Poverty Rural Safety Nets Note Urban Safety Nets Note</p> <p>On-going Lending</p> <p>PSNP 3</p> <p>Partners</p> <p>PSNP Partners</p>
3.1 Reduce exposure to chronic food insecurity and shocks (continued)	<i>Land degradation has become a major environmental threat. Both for environmental reasons and to improve food security, land degradation has gained attention. The Bank will help translate this concern into quick actions by GoE.</i>	<p>16. Increase investment in community-based watershed management</p> <p>I26. 60,000 hectares watershed rehabilitated 2007/08 and 2011/12.</p> <p>Progress to date: 167,150 hectares of watershed rehabilitated end 2009/10.</p> <p>I27. Investment in community based flood management rises from 0 in 2007/08 to US\$5m end 2011/12.</p> <p>Progress to date: As of end 2009/10 investments have been minimal.</p>	<p>M32. SLM and Tana Beles projects launched.</p> <p>M33. Flood preparedness and early warning system in Tana Basin launched.</p>	<p>m32. SLMP and Tana Beles Project were both launched in Oct 2008.</p> <p>m33. Flood preparedness & early warning Phase II (FPEW II) is a sub-component of Tana Beles. Financing agreement signed June 2008; effectiveness declared Oct. 2008. A continuation of FPEW Phase I implemented by E. Nile Technical Regional Office and the Eastern Nile Countries since June 2007.</p>	<p>On-going Lending</p> <p>PSNP 3</p> <p>Sustainable Land Mgt SIL</p> <p>Tana Beles</p> <p>Partners</p> <p>RED&FS group IDA/GEF, KfW, GTZ</p>
3.2 Address environmental degradation and population pressures	<i>GoE recognizes that SLM programs need to be implemented on a large scale and in a coordinated manner. Implementation of SLM project should occasion establishment of the necessary institutions.</i>	<p>Establish institutions for sustainable land management</p> <p>I28. Federal and Regional SLM Platforms hold regular meetings to provide policy and technical guidance in the implementation of SLMP activities, including annual planning sessions to develop collaboratively annual work programs.</p> <p>Progress to date: Federal and Regional SLM Platforms have met</p>	<p>M34. Federal and Regional SLM Platforms established.</p>	<p>m34. Federal and Regional SLM platforms to facilitate coordination across sectors have been established, including a Steering Committee and a Technical Committee at the national level and in each Region covered by the SLM Project.</p>	<p>AAA</p> <p>Climate Change Climate Change Adaptation Land Administration</p> <p>On-going Lending</p> <p>Sustainable Land Mgt 1</p> <p>New lending</p> <p>Sustainable Land Mgt 2</p> <p>Partners</p> <p>RED&FS group</p>

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3.2 Address environmental degradation and population pressures (continued)					
	Continued rapid growth in population is an obstacle for Ethiopia to get out of a poverty trap. Use dialogue on long-term sustainability of rapid growth to highlight the importance of demographic issues.	17. Accelerate demographic transition I29. Contraceptive prevalence rate as measured by Demographic Health Survey (DHS) increases by 2 percentage points p.a. from 15% in 2004/05 to 25% in 2011/12. Progress to date: Progress assessment pending the 2010 DHS.	M35. Hormonal contraceptives distributed to cover 8.75 million couple-years of protection in 2009/10, up from 6.1 million in 2006/07. M36. Annual distribution of male and female condoms increases from 80 m in 2006/07 to 140 m in 2009/10.	m35. No direct data available. However, contraceptive acceptance rate rose from 53.8% in 2008/09 to 56.2% in 2009/10. m36. 97 million condoms were distributed in the year 2008/09.	On-going Lending PBS 2 MAP II New Lending PBS 2 AF Partners UNFPA, WHO,
	With rapid growth, GoE is aware of social risks of leaving certain groups being left behind, including women and youth.	18. Increased voice of women within communities. I30. Participation of women in community meetings (social accountability interface meetings) related to PBS 2 increases by 30% between December 2010 and June 2012. Progress to date: New indicator. Monitoring to begin in FY11.	M37. PBS 2 social accountability interface meetings take place in 172 woredas.	m37. Monitoring to begin in FY11.	AAA Gender Study On-going Lending PBS 2 Partners PBS partners 50-60 CSOs
Strategic Objective 4: Fostering Improved Governance					
4.1 Improve government effectiveness and quality of public administration.	Modern public service requires effective, rule and merit-based civil service. The Bank will continue to support GoE's state transformation process through the public sector reform program,	19. Improve performance of the public service I31. Woreda/City Bench-marking Surveys (WCBS) show improving perception of integrity and performance of public service: performance measured by percentages of people satisfied with Agriculture Extension Service, Solid-waste service, Water supply service and Health service, increasing from 82%, 69.9%, 60% and 34% in 2008 to 85%, 75%,	M38. Business process reengineering implemented in all federal and regional public institutions.	m38. a) 18 out of 48 Federal institutions and all Bureaus in Amhara, Oromiya, Tigray, SNNP, Addis Ababa and Harari Regional states are at full implementation stage. b). 8 out of 41(the number of institutions engaged in balanced scorecard) Federal institutions and all Bureaus in Dire Dawa City Administration are at the	AAA ICA Public-Finance Review(JBAR) Procurement Reforms On-going Lending PSCAP PBS 2 Urban Local Government Development New Lending PBS 2 AF Partners

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		62% and 60% in 2012 respectively, and integrity measured by percentage of people who made extra payments for general service, decreasing from 4.3% in 2008 to 4% in 2012. Progress to Date: The 2010 WCBS reported 84%, 73.7%, 57% and 57% of people were satisfied with the services respectively, and 4.1% made extra payments.		c) 16 of 48 Federal institutions and all Bureaus in Benshangul and Afar Regional States are under preparation for implementation. d) 6 of 48 Federal institutions as well as all Bureaus in Somali and Gambela Regional States are conducting process review (study) stage for the reengineering.	PSCAP Partners, CIDA DFID
4.1 Improve government effectiveness and quality of public administration. (continued)	<i>Modern public service requires effective, rule and merit-based civil service. The Bank will continue to support GoE's state transformation process through the public sector reform program. (continued)</i>	I32. Improvement in public financial management performance evidenced by at least 25% of the Public Expenditure and Financial Accountability indicators showing improvement over corresponding 2007 scores. Progress to date: Nine indicators, PI (performance indicator) -2, PI-6, PI-10, PI-14, PI-16, PI-17, PI-20, PI-24 and PI-27 out of 30 indicators have improved reflecting a change in performance of the PFM areas covered by the indicators in 2010. Two (2) indicators PI-3 and PI-26 were overrated in 2007.	M39. Balanced score-card performance management system rolled out to all federal and regional institutions. M40. Functional public procurement oversight with annual procurement audits for 50% of procuring entities.	m39. 5 Federal institutions are at full implementation. 9 Federal institutions and all Bureaus in Tigray, almost in all Bureaus in Amhara and 41 Bureaus in Oromiya Regional States are at the stage of planning for implementation. 27 Federal institutions as well as all Bureaus in SNNP, Addis Ababa, Dire Dawa and Harari Regional State are under the process of preparation (total no. of federal inst'ns approx. 48) m40. Procurement oversight is about 30% functional. 44 of 125 Procuring Entities audited in FY10.	AAA: Country Fiduciary Assessment
4.2 Enhance the accountability and responsiveness of government.	<i>With greater decentralization of service delivery, effective citizen engagement at local levels has become critical. Sustained capacity building of local government is needed to engage citizens in shaping their own</i>	20. Greater capacity of local government to engage with citizens for more responsive services I33. Participatory planning of basic services adopted by 2011/12 in 30% of <i>woredas</i> that receive Local Investment Grants (from 0%	M41. Planning guidelines with procedures and formats for citizen engagement issued in <i>woredas</i> . M42. Capital	m41. Planning guidelines expected to be issued in 2010. m42. Eighteen cities have	AAA Capacity Building TA On-going Lending PBS 2 PSCAP Urban Local Government Development

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	<i>development. The Bank will continue engaging in dialogue and support this effort through a range of instruments.</i>	<p>in 2008/09).</p> <p>Progress to date: 15% of <i>woredas</i> adopted participatory planning by the end of 2009/10.</p> <p>I34. 12 out of 19 selected cities will have reported a 75% increase (from the 2008 baselines reported by each city) in the number of citizen groups participating in the planning process for Capital Investment Plans by the end of 2011/12.</p> <p>Progress to date: 6 cities out of 19 achieved 75% increase in 2009/10.</p>	Investment Plans in 19 selected cities prepared.	prepared rolling 3 year Capital Investment Plans for 2008/09.	New Lending PBS 2 AF Partners PBS, PSCAP partners, CSSP, CSF, JGAM partners
4.2 Enhance the accountability and responsiveness of government. (continued)	<i>While perceptions of corruption in Ethiopia differ considerably, there has been little systematic analysis of its nature, scope and incidence. The Bank will develop a new initiative with GoE and other donors to diagnose corruption and develop a targeted program of support.</i>	<p>Better targeted anti-corruption strategies</p> <p>I35. Satisfactory implementation of targeted anti-corruption strategies to reduce corruption in key hotspots, as assessed at the end of FY2011/12.</p> <p>Progress to date: Strategies not yet formulated.</p>	<p>M43. Knowledge and consensus developed over key corruption hotspots by end- 2010.</p> <p>M44. Strategies developed in selected areas by mid-2011.</p>	<p>m43. Diagnostics completed but consensus on hotspots pending.</p> <p>m44. Strategies pending identification of hotspots.</p>	<p>AAA Public Finance Review (JBAR) Partners DFID, Dutch, CIDA</p>
	<i>GoE is currently improving transparency around budgets and spending, but concerns about transparency and access to public information remain. The Bank will continue to support government to improve transparency around policy, planning, budgeting and performance at all levels.</i>	<p>Greater transparency and citizen access to public information</p> <p>I36. Layperson’s Budget and Service Facility Templates posted in +50% of <i>woredas</i> by the end of 2011/12.</p> <p>Progress to date: Templates finalized and posting begun.</p> <p>I37. 19 selected cities disclose budget and expenditure information by the end of 2011/12 from 0 in 2007/08.</p> <p>Progress to date: All 19 cities have disseminated key information to the public on budgets and expenditures for 2008/09 and 2009/10.</p>	<p>M45. All Regions encourage posting of Service Delivery Templates in service providers (schools, health clinics, etc.).</p>	<p>m45. The use of Standardized Service Delivery Templates is behind the schedule as the Templates are under customization by regions. Training of trainers has been completed and posting of customized templates will start end of FY2009/10.</p>	<p>AAA Decentralized Service Delivery On-going Lending PBS 2 PSCAP Urban Local Government Development New Lending PBS 2 AF Partners PBS, PSCAP partners, JGAM partners</p>

ANNEX 1: CAS Results Framework

Longer-Term Development Agenda for Ethiopia		Outcomes Influenced by the CAS Program by end Fiscal Year (FY) 2012			
Strategic and Longer-Term Country Outcomes	Issues/obstacles and Bank strategy	CAS Outcomes that the Bank expects to influence and indicators (the 21 CAS core outcomes are bolded and shaded)	Milestones	Progress to date	Bank Assistance and Partners ¹
Other Outcomes					
5.1 Deepen partnerships	<i>Follow this approach to strengthen dialogue and results focus, as well as rationalize the Bank's program.</i>	<p>21. Increase donor partnership through IDA-supported multi-donor programs</p> <p>I38. Paris Declaration target for 66% of donor support to be provided through program-based approaches is met by 2010, as measured by OECD (Baseline: 53% in 2005).</p> <p>Progress to date: According to 2008 survey on monitoring the Paris Declaration coordinated by OECD-DAC, 66% of donor support was provided through program-based approaches in 2007.</p>	<p>M46. 66% of IDA support provided through programmatic approaches by 2010 (Baseline: 59% in 2005).</p>	<p>m46. In 2007, 83% of IDA support was provided through program-based approaches.</p>	<p>AAA Coordination through Development Assistance Group and Sector Working Groups Lending and new lending Especially PSNP, Roads, PBS, PSCAP, Water Supply and Sanitation, SLM, GEQIP, Energy Access, AGP Partners All development partners Regional initiatives including NEPAD/ Comprehensive Africa Agriculture Development Program</p>
5.2 Reinforce gender sensitivity in development activities.	Importance of gender outcomes for development has been increasing, but implementing/ monitoring gender sensitivity remains a challenge. With GoE and development partners, the Bank intends to mainstream gender considerations and help empower women through all operations.	<p>22. Mainstream gender in IDA supported programs.</p> <p>I39. All new lending in FY11-12 includes gender considerations in the Project Development Objective (the baseline is 0 and target is 100%).</p> <p>Progress to date: New Indicator. Monitoring to begin in FY11.</p>	<p>M47. All FY11 new lending includes gender considerations in the PDO.</p>	<p>m47. Monitoring to begin in FY11.</p>	<p>AAA Gender Study Lending and new lending PBS 2, PBS 2 AF, AGP, FY12 program to be agreed. Partners All development partners</p>

Annex 2: Revised Core CAS Outcomes, Indicators and Milestones

Original Core CAS Outcome	Key Changes
1. <i>Structural and macroeconomic policies are conducive to sustain internal and external balance.</i>	<ul style="list-style-type: none"> Indicator target extended.
2. <i>Strengthen road sector institutions and domestic road construction industry.</i>	<ul style="list-style-type: none"> Indicator revised to better reflect actual progress.
3. <i>Enhance regional integration.</i>	<ul style="list-style-type: none"> Indicator on regional road network dropped because Bank financing is no longer needed. Indicator and milestone on Nile Basin Initiative revised to make them more concrete.
4. <i>Creation of an enabling environment to make growth corridor concept a reality.</i>	<ul style="list-style-type: none"> Outcome and indicator dropped due to slower than expected implementation of the GOE strategy, and to reduce overlap with others.
5. <i>Increased agricultural productivity.</i>	<ul style="list-style-type: none"> No change.
6. <i>Small town development, rural and management and rural credit systems support rural diversification.</i>	<ul style="list-style-type: none"> Outcome and indicator dropped due to the absence of Bank support in this area.
7. <i>Improve financial sector performance.</i>	<ul style="list-style-type: none"> No change.
8. <i>Improve urban governance.</i>	<ul style="list-style-type: none"> Outcome and indicator consolidated with the outcome on improving the performance of the public sector.
9. <i>Reduce cost of internet service.</i>	<ul style="list-style-type: none"> No change.
10. <i>Improved investment climate helps Ethiopia benefit from increased globalization.</i>	<ul style="list-style-type: none"> No change.
11. <i>Substantially achieve universal access to primary education and increase girls' enrollment.</i>	<ul style="list-style-type: none"> Changed outcome to: "Increase girls' enrollment in primary and secondary education" to better reflect what is being monitored through the CAS Results Matrix. Indicator targets adjusted to more realistic levels.
12. <i>Increase sustainable access to potable water and sanitation services.</i>	<ul style="list-style-type: none"> Indicator targets adjusted to more realistic levels.
13. <i>Increase delivery of key health services: malaria and HIV/AIDS control, vaccination, contraception.</i>	<ul style="list-style-type: none"> Some indicator and milestone targets adjusted to more realistic level.
14. <i>Improve quality of education</i>	<ul style="list-style-type: none"> Indicator target adjusted to more realistic level.
15. <i>Roll-out of kebele health extension package leads to improved services.</i>	<ul style="list-style-type: none"> Indicator target adjusted to more realistic level.
16. <i>Greater use of community radios for improved service deliver.</i>	<ul style="list-style-type: none"> No change.
17. <i>Increased PTA engagement in schools.</i>	<ul style="list-style-type: none"> Outcome and indicator dropped due to lack of data availability.
18. <i>Reduce food insecurity.</i>	<ul style="list-style-type: none"> No change.

Continued.....

Annex 2: Revised Core CAS Outcomes, Indicators and Milestones (continued)

Original Core CAS Outcome	Key Changes
19. Develop long-term strategy for food insecurity.	<ul style="list-style-type: none"> No change.
20. Increase investment in community-based watershed management.	<ul style="list-style-type: none"> Indicators revised to clarify timeframe for measurement.
21. Accelerate demographic transition.	<ul style="list-style-type: none"> Indicator target date extended.
22. Improve access by women and youth to micro finance and technical support.	<ul style="list-style-type: none"> Changed outcome to “Increased voice women within communities” and indicator revised to clarify what is being measured and align to indicator in use in ongoing operation. Milestone revised to reflect ongoing operations.
23. Improve performance of the public service.	<ul style="list-style-type: none"> Indicator on perceptions of integrity of public service revised to integrate outcome on improving urban governance. 2008 baseline documented and target for 2011/12 added. Indicator derived from investment climate survey dropped to eliminate overlap with other indicators.
24. Greater capacity of local government to engage with citizens for more responsive services.	<ul style="list-style-type: none"> Indicator on participatory planning, budgeting and monitoring in <i>woredas</i> narrowed to reflect the slow pace of implementation on the latter aspects. Baseline added. Milestone on procedures for citizen engagement revised to make it more concrete. Indicator on participatory planning, budgeting and monitoring in cities adjusted to reflect indicator in use in ongoing operations. Baseline added.
25. Ethiopian citizens are empowered by and engage in development process.	<ul style="list-style-type: none"> Outcome and indicator consolidated with others that monitor community participation, including of women.
26. Increase donor harmonization through IDA-supported multi-donor programs.	<ul style="list-style-type: none"> Changed outcome to “Increase donor partnership through IDA-supported multi-donor programs.”
	<ul style="list-style-type: none"> Added a new outcome (outcome 22), “Mainstream gender in IDA supported programs.”

Annex 3: Summary of Revised Core CAS Outcomes

Focus Areas	Core CAS Outcomes
Strategic Objective 1: Fostering Economic Growth	
1.1. Support macro-fiscal stability	1. Structural and macroeconomic policies are conducive to sustain internal and external balance
1.2. Accelerate the level and productivity of investment in infrastructure in a sustainable manner	2. Strengthen road sector institutions and domestic road construction industry 3. Enhance regional integration
1.3. Increase productivity of agriculture	4. Increase agricultural productivity in selected intervention areas
1.4. Strengthen supply responsiveness of industry and services sectors	5. Improve financial sector performance 6. Reduce cost of internet service 7. Improved investment climate helps Ethiopia benefit from increased globalization
Strategic Objective 2: Improving Access to and Quality of Basic Service Delivery	
2.1 Improve access/coverage of basic services	8. Increase girls' enrollment in primary and secondary education 9. Increase sustainable access to potable water and sanitation services 10. Increase delivery of key health services: malaria and HIV/AIDS control, vaccination, contraception
2.2 Enhance quality of basic services	11. Improve quality of education 12. Roll-out of the <i>kebele</i> health extension package leads to improved services
2.3 Enhance citizens' voice to improve quality of basic services	13. Greater use of community radios for improved service delivery
Strategic Objective 3: Reducing Vulnerability	
3.1 Reduce exposure to chronic food insecurity and shocks	14. Reduce food insecurity 15. Develop long-term strategy for food security
3.2 Address environmental degradation and population pressures	16. Increase investment in community-based watershed management 17. Accelerate demographic transition
3.3 Greater engagement of women.	18. Increased voice of women within communities
Strategic Objective 4: Fostering Improved Governance	
4.1 Improve government effectiveness and quality of public administration	19. Improve performance of the public service
4.2 Enhance the accountability and responsiveness of government	20. Greater capacity of local government to engage with citizens for more responsive services
Other Outcomes	
5.1 Deepen partnerships	21. Increase donor partnership through IDA-supported multi-donor programs
5.2 Reinforce gender sensitivity in development activities.	22. Mainstream gender in IDA supported programs

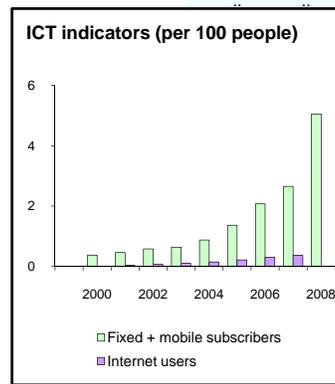
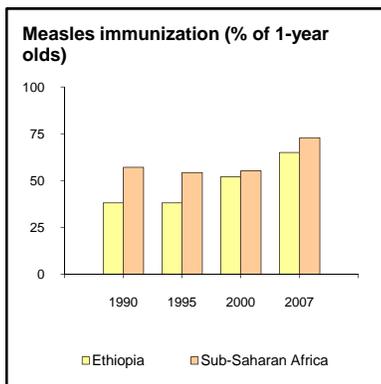
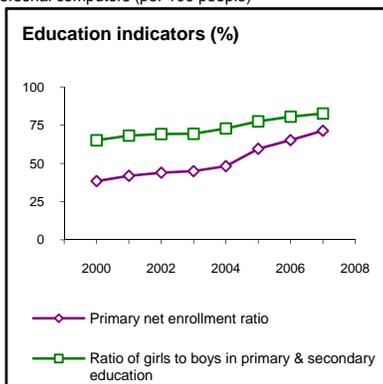
Annex 4. Progress Towards Achieving the MDGs

Millennium Development Goals

Ethiopia

*With selected targets to achieve between 1990 and 2015
(estimate closest to date shown, +/- 2 years)*

	Ethiopia			
	1990	1995	2000	2008
Goal 1: halve the rates for extreme poverty and malnutrition				
Poverty headcount ratio at \$1.25 a day (PPP, % of population)	..	60.5	55.6	39.0
Poverty headcount ratio at national poverty line (% of population)	..	45.5	44.2	..
Share of income or consumption to the poorest quintile (%)	..	7.2	9.2	9.3
Prevalence of malnutrition (% of children under 5)	..	..	42.0	34.6
Goal 2: ensure that children are able to complete primary schooling				
Primary school enrollment (net, %)	22	..	38	71
Primary completion rate (% of relevant age group)	..	14	22	46
Secondary school enrollment (gross, %)	13	10	13	30
Youth literacy rate (% of people ages 15-24)	..	34	..	50
Goal 3: eliminate gender disparity in education and empower women				
Ratio of girls to boys in primary and secondary education (%)	68	..	65	83
Women employed in the nonagricultural sector (% of nonagricultural employment)	..	..	41	47
Proportion of seats held by women in national parliament (%)	..	2	2	22
Goal 4: reduce under-5 mortality by two-thirds				
Under-5 mortality rate (per 1,000)	204	179	151	119
Infant mortality rate (per 1,000 live births)	122	107	92	75
Measles immunization (proportion of one-year olds immunized, %)	38	38	52	65
Goal 5: reduce maternal mortality by three-fourths				
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	720
Births attended by skilled health staff (% of total)	..	..	6	6
Contraceptive prevalence (% of women ages 15-49)	4	..	8	15
Goal 6: halt and begin to reverse the spread of HIV/AIDS and other major diseases				
Prevalence of HIV (% of population ages 15-49)	0.7	2.4	2.4	2.1
Incidence of tuberculosis (per 100,000 people)	159	229	331	378
Tuberculosis cases detected under DOTS (%)	..	15	31	28
Goal 7: halve the proportion of people without sustainable access to basic needs				
Access to an improved water source (% of population)	13	20	29	42
Access to improved sanitation facilities (% of population)	4	5	7	11
Forest area (% of total land area)	..	14.4	13.7	13.0
Nationally protected areas (% of total land area)	..	..	..	18.6
CO2 emissions (metric tons per capita)	0.1	0.0	0.1	0.1
GDP per unit of energy use (constant 2005 PPP \$ per kg of oil equivalent)	1.8	1.7	1.8	2.3
Goal 8: develop a global partnership for development				
Telephone mainlines (per 100 people)	0.3	0.2	0.4	1.1
Mobile phone subscribers (per 100 people)	0.0	0.0	0.0	3.9
Internet users (per 100 people)	0.0	0.0	0.0	0.4
Personal computers (per 100 people)	..	..	0.1	0.7



Note: Figures in italics are for years other than those specified. .. indicates data are not available
Development Economics, Development Data Group (DECDG).

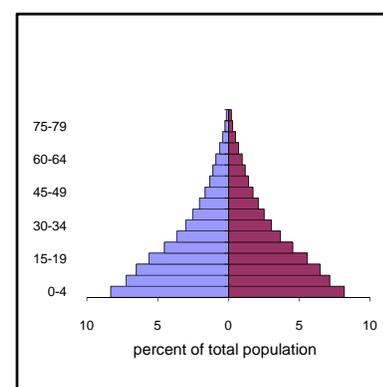
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Annex 5. Ethiopia at a Glance

Ethiopia at a glance

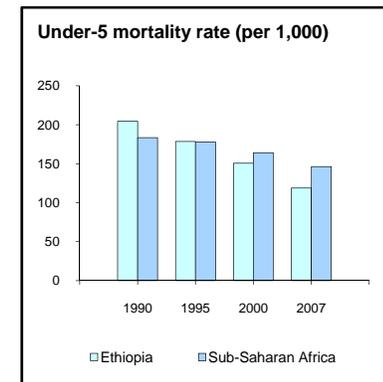
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Key Development Indicators	Ethiopia	Sub-Saharan Africa	Low income
<i>(2008)</i>			
Population, mid-year (millions)	80.7	818	973
Surface area (thousand sq. km)	1,104	24,242	19,310
Population growth (%)	2.6	2.5	2.1
Urban population (% of total population)	17	36	29
GNI (Atlas method, US\$ billions)	22.4	885	510
GNI per capita (Atlas method, US\$)	280	1,082	524
GNI per capita (PPP, international \$)	870	1,991	1,407
GDP growth (%)	11.3	5.0	6.4
GDP per capita growth (%)	8.5	2.5	4.2

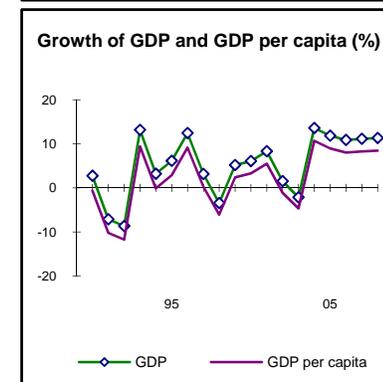


(most recent estimate, 2003–2008)

Poverty headcount ratio at \$1.25 a day (PPP, %)	39	51	..
Poverty headcount ratio at \$2.00 a day (PPP, %)	78	73	..
Life expectancy at birth (years)	55	52	59
Infant mortality (per 1,000 live births)	75	89	78
Child malnutrition (% of children under 5)	35	27	28
Adult literacy, male (% of ages 15 and older)	50	71	72
Adult literacy, female (% of ages 15 and older)	23	54	55
Gross primary enrollment, male (% of age group)	97	103	102
Gross primary enrollment, female (% of age group)	85	93	95
Access to an improved water source (% of population)	42	58	67
Access to improved sanitation facilities (% of population)	11	31	38



Net Aid Flows	1980	1990	2000	2008
<i>(US\$ millions)</i>				
Net ODA and official aid	211	1,009	686	2,422
<i>Top 3 donors (in 2007):</i>				
United States	19	50	130	372
European Commission	32	109	69	365
United Kingdom	4	35	11	292
Aid (% of GNI)	3.4	8.4	8.5	12.6
Aid per capita (US\$)	6	21	10	31



Long-Term Economic Trends

Consumer prices (annual % change)	12.5	5.2	6.2	25.3
GDP implicit deflator (annual % change)	4.3	3.3	6.9	28.4
Exchange rate (annual average, local per US\$)	2.1	2.1	8.1	9.6
Terms of trade index (2000 = 100)	131	151	100	94

	1980–90	1990–2000	2000–08
	<i>(average annual growth %)</i>		
Population, mid-year (millions)	35.4	48.3	80.7
GDP (US\$ millions)	7,269	12,083	25,585
	<i>(% of GDP)</i>		
Agriculture	60.7	54.3	49.9
Industry	10.6	11.1	12.4
Manufacturing	4.9	4.8	5.5
Services	28.8	34.5	37.8
Household final consumption expenditure	80.0	77.2	73.8
General gov't final consumption expenditure	9.8	13.2	17.9
Gross capital formation	14.5	12.9	20.3
Exports of goods and services	7.6	5.6	12.0
Imports of goods and services	11.9	8.8	24.0
Gross savings	10.8	11.9	16.2

Note: Figures in italics are for years other than those specified. 2008 data are preliminary. .. indicates data are not available.
a. Aid data are for 2007. Development Economics, Development Data Group (DECDG).

Annex 5. Ethiopia at a Glance (Continued)

Ethiopia

Balance of Payments and Trade

	2000	2008
<i>(US\$ millions)</i>		
Total merchandise exports (fob)	486	1,462
Total merchandise imports (cif)	1,611	6,811
Net trade in goods and services	-976	-5,223

Current account balance	-335	-1,491
as a % of GDP	-4.1	-5.8

Workers' remittances and compensation of employees (receipts)	53	358
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Reserves, including gold	349	1,239
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Central Government Finance

	2000	2008
<i>(% of GDP)</i>		
Current revenue (including grants)	15.7	14.5
Tax revenue	9.5	9.7
Current expenditure	20.6	9.3

Overall surplus/deficit	-9.4	-4.2
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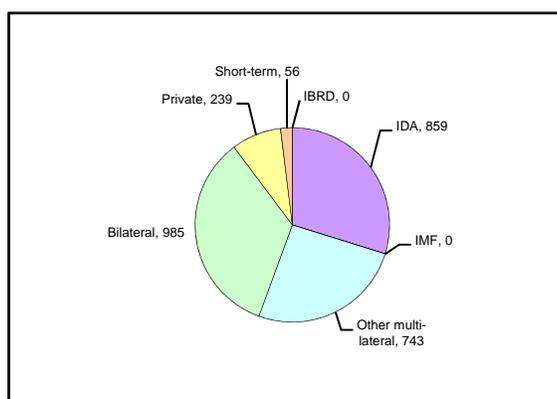
Highest marginal tax rate (%)		
Individual	35	35
Corporate	30	30

External Debt and Resource Flows

	2000	2008
<i>(US\$ millions)</i>		
Total debt outstanding and disbursed	5,495	2,882
Total debt service	138	111
Debt relief (HIPC, MDRI)	2,575	1,458

Total debt (% of GDP)	67.2	11.3
Total debt service (% of exports)	13.1	3.6

Foreign direct investment (net inflows)	135	109
Portfolio equity (net inflows)	0	0

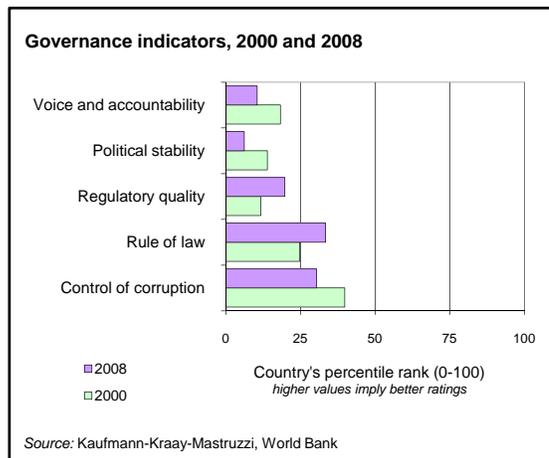


Private Sector Development

	2000	2008
Time required to start a business (days)	-	16
Cost to start a business (% of GNI per capita)	-	29.8
Time required to register property (days)	-	43

	2000	2008
Ranked as a major constraint to business (% of managers surveyed who agreed)		
Tax rates	72.2	..
Tax administration	59.2	..

Stock market capitalization (% of GDP)	..	..
Bank capital to asset ratio (%)	..	..



Technology and Infrastructure

	2000	2008
Paved roads (% of total)	12.0	12.8
Fixed line and mobile phone subscribers (per 100 people)	0	5
High technology exports (% of manufactured exports)	0.1	2.5

Environment

	2000	2008
Agricultural land (% of land area)	31	34
Forest area (% of land area)	13.7	13.0
Nationally protected areas (% of land area)	..	18.6
Freshwater resources per capita (cu. meters)	1,767	1,551
Freshwater withdrawal (billion cubic meters)	5.6	..
CO2 emissions per capita (mt)	0.09	0.11
GDP per unit of energy use (2005 PPP \$ per kg of oil equivalent)	1.8	2.3
Energy use per capita (kg of oil equivalent)	286	291

World Bank Group portfolio

	2000	2008
<i>(US\$ millions)</i>		
IBRD		
Total debt outstanding and disbursed	0	0
Disbursements	0	0
Principal repayments	0	0
Interest payments	0	0
IDA		
Total debt outstanding and disbursed	1,779	859
Disbursements	137	160
Total debt service	34	10
IFC (fiscal year)		
Total disbursed and outstanding portfolio of which IFC own account	0	0
Disbursements for IFC own account	0	0
Portfolio sales, prepayments and repayments for IFC own account	0	0
MIGA		
Gross exposure	-	-
New guarantees	-	-

Note: Figures in italics are for years other than those specified. 2008 data are preliminary. .. indicates data are not available. - indicates observation is not applicable.

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Development Economics, Development Data Group (DECDG).

Annex 6. Selected Indicators of Bank Portfolio Performance

As of 5/5/2010

Indicator	2007	2008	2009	2010
Portfolio Assessment				
Number of Projects Under Implementation ^a	21	28	29	26
Average Implementation Period (years) ^b	2.5	2.7	2.9	3.5
Percent of Problem Projects by Number ^{a, c}	4.8	10.7	10.3	11.5
Percent of Problem Projects by Amount ^{a, c}	4.3	6.1	4.8	5.6
Percent of Projects at Risk by Number ^{a, d}	9.5	28.6	17.2	19.2
Percent of Projects at Risk by Amount ^{a, d}	5.8	30.0	7.5	21.5
Disbursement Ratio (%) ^e	27.6	26.7	49.3	28.1
Portfolio Management				
CPPR during the year (yes/no)	No	No	Yes	No
Supervision Resources (total US\$)	3,231	3,421	3,894	2,994
Average Supervision (US\$/project)	154	122	134	115

Memorandum Item	Since FY 80	Last Five FYs
Proj Eval by OED by Number	66	13
Proj Eval by OED by Amt (US\$ millions)	3,829.4	1,003.5
% of OED Projects Rated U or HU by Number	33.3	23.1
% of OED Projects Rated U or HU by Amt	22.1	16.3

Source: BW

- a. As shown in the Annual Report on Portfolio Performance (except for current FY).
 - b. Average age of projects in the Bank's country portfolio.
 - c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).
 - d. As defined under the Portfolio Improvement Program.
 - e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.
- * All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 7. Summary of Nonlending Services

As of 5/19/2010

<i>Product</i>	<i>Completion FY</i>	<i>Cost (US\$000)</i>	<i>Audience^a</i>	<i>Objective^b</i>
<i>Recent completions</i>				
ROSC Accounting & Auditing	FY08	79	G, D, B, P	A, C
Gender Study	FY08	50	G, D, B, P	A, B, C
Climate Change	FY08	80	G, D, B, P	A, B, C
Regional Growth Study	FY08	502	G, D, B, P	A, C
Public Finance Review (JBAR)	FY08	179	G, D, B, P	A, B, C
Investment Climate	FY08	243	G, D, B, P	A, B, C
Health Financing Policy Note	FY08	71	G, D, B	A, C
Education & Nutrition Linkages	FY08	255	G, D, B, P	A, C
Macro Fiscal Issues Growth	FY09	79	G, D, B, P	A, B, C
Public Finance Review-Water	FY09	90	G, D, B, P	A, B, C
Investment Climate Assessment (ICA)	FY09	317	G, D, B, P	A, B, C
Telecom Reform Options	FY09	43		
Public Private Forum	FY09	30	G, D, B, P	A, C
Rural (ICA)	FY09	60	G, D, B, P	A, C
Capacity Building TA	FY10	29	G, D, B, P	A, B, C
Urban Poverty	FY10	69	G, D, B, P	A, B, C
Rural Safety Net	FY10	10	G, D, B, P	A, C
Financial Sector Review	FY10	60	G, D, B, P	A, B, C
Urban Safety Net	FY10	38	G, D, B, P	A, B, C
Procurement Reforms	FY10	51	G, D, B, P	A, C
<i>Underway and Planned</i>				
Public Expenditure Review 2011	FY11	75	G, D, B, P	A, B, C
Innovation for Development	FY11	200	G, D, B, P	A, B, C
Land Administration	FY11	21	G, D, B	A, C
Climate Change Adaptation	FY11	280	G, D, B, P	A, B, C
Roads Rural Access Development	FY11	141	G, D, B, P	A, C
Public Expenditure Review 2012	FY12	50	G, D, B, P	A, B, C
Tourism Sector Competitiveness	FY12	38	G, D, B, P	A, B, C
Decentralized Service Delivery	FY12	320	G, D, B, P	A, C
Country Fiduciary Assessment	FY12	50	G, D, B	A, C
Regional Growth	FY12	37	G, D, B, P	A, C
Service Trade & Growth	FY12	22	G, D, B	A, C

a. Government, donor, Bank, public dissemination.

b. Knowledge generation, public debate, problem-solving.

Annex 8. Key Economic Indicators

Indicator	Actual			Estimate			Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
National accounts (as % of GDP)									
Gross domestic product ^a	100	100	100	100	100	100	100	100	100
Agriculture	47	48	47	51	51	43	43	43	43
Industry	13	13	13	11	11	13	14	14	14
Services	40	39	40	38	39	44	43	43	43
Total Consumption	97	98	94	97	96	96	97	96	95
Gross domestic fixed investment	24	25	26	23	22	25	25	25	25
Government investment	15	17	19	16	17	17	18	18	17
Private investment	9	8	7	6	6	8	7	8	8
Exports (GNFS) ^b	15	14	13	11	11	11	13	14	16
Imports (GNFS)	35	37	32	31	29	33	35	35	36
Gross domestic savings	3	2	6	3	4	4	3	4	5
Gross national savings ^c	18	16	21	17	17	17	16	18	18
<i>Memorandum items</i>									
Gross domestic product (US\$ million at current prices)	12307	15164	19553	26675	32033	31012	32370	34506	36504
GNI per capita (US\$, Atlas method)	160	190	220	280	340	380	400	400	410
Real annual growth rates (% , calculated from 00 prices)									
Gross domestic product at market prices	11.8	10.8	11.5	10.8	8.7	8.1	7.9	7.6	7.6
Gross Domestic Income	13.4	12.3	11.6	12.0	9.9	9.6	7.8	7.9	8.1
Real annual per capita growth rates (% , calculated from 00 prices)									
Gross domestic product at market prices	9.0	8.0	8.6	7.9	5.9	5.4	5.3	5.0	5.0
Total consumption	17.9	11.4	4.6	13.5	6.4	7.3	5.4	3.1	4.5
Private consumption	19.9	12.0	5.7	14.6	8.8	4.9	5.3	2.9	4.5
Balance of Payments (US\$)									
Exports (GNFS) ^b	1858	2105	2489	3060	3381	3535	4128	4905	5863
Merchandise FOB	847	1001	1188	1462	1448	1685	1872	2120	2400
Imports (GNFS) ^b	4367	5549	6268	8282	9241	10133	11403	12028	13045
Merchandise FOB	3633	4593	5128	6811	7727	8707	9758	10211	11091
Resource balance	-2509	-3443	-3779	-5223	-5859	-6598	-7275	-7124	-7181
Net current transfers	1807	2095	2895	3699	4281	4310	4393	4693	5086
Current account balance	-738	-1386	-871	-1491	-1620	-2397	-2991	-2597	-2290
Net private foreign direct investment	150	365	482	815	880	1056	1133	1208	1290
Long-term loans (net)	271	80	239	704	1533	1469	2064	1514	1220
Official	375	303	337	341	378	435	328	231	120
Private	-104	-224	-98	364	1155	1034	1737	1283	1100
Other capital (net, incl. errors & omissions)	528	545	318	-448	-175	249	63	0	0
Change in reserves ^d	-211	397	-168	420	-617	-377	-269	-125	-219
<i>Memorandum items</i>									
Resource balance (% of GDP)	-20.4	-22.7	-19.3	-19.6	-18.3	-21.3	-22.5	-20.6	-19.7
Real annual growth rates (2000 prices)									
Merchandise exports (FOB)	17.6	4.5	10.7	0.6	-1.0	2.8	7.5	10.4	-10.3
Primary	..	..	..	..	..	..	..	..	..
Manufactures	15.6	-1.5	-3.4	-1.5	-36.7	-57.6	23.2	7.6	7.6
Merchandise imports (CIF)	26.6	15.8	2.8	10.9	22.1	14.3	7.6	2.7	7.3

Annex 8. Key Economic Indicators (Continued)

Indicator Indicator	Actual			Estimate			Projected		
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public finance (as % of GDP at market prices)^e									
Current revenues	17.5	16.8	15.8	14.3	14.9	16.0	15.1	15.3	15.7
Current expenditures	12.4	11.6	10.0	9.2	8.1	9.1	9.0	9.0	9.3
Current account surplus (+) or deficit (-)	5.1	5.2	5.8	5.2	6.8	6.9	6.1	6.3	6.4
Capital expenditure	10.9	10.7	10.7	9.7	9.1	10.4	10.8	10.9	10.5
Foreign financing	3.7	2.8	2.9	2.6	2.3	2.6	3.1	3.3	3.0
Monetary indicators									
M2/GDP	38.0	36.1	33.1	28.1	24.9	25.5	25.6	26.4	27.5
Growth of M2 (%)	19.6	17.4	19.7	22.9	19.9	17.1	18.3	18.4	19.0
Private sector credit growth / total credit growth (%)	30.1	42.2	38.0	23.5	62.9	45.2	23.6	34.2	35.9
Price indices(2000 =100)									
Merchandise export price index	84.8	95.8	102.7	125.7	125.7	142.4	147.1	150.9	190.4
Merchandise import price index	108.9	119.0	129.2	154.8	143.9	141.8	147.7	150.5	152.4
Merchandise terms of trade index	77.8	80.5	79.5	81.2	87.4	100.4	99.6	100.2	124.9
Real exchange rate (US\$/LCU) ^f	45.4	48.1	50.0	62.0	57.8	..	..	..	..
Real interest rates									
Consumer price index (% change)	6.8	12.3	15.8	25.3	36.4	5.6	8.4	6.6	6.1
GDP deflator (% change)	9.9	11.6	17.2	30.5	24.4	6.0	9.0	6.5	6.2

a. GDP at factor cost

b. "GNFS" denotes "goods and nonfactor services."

c. Includes net unrequited transfers excluding official capital grants.

d. Includes use of IMF resources.

e. Consolidated central government.

f. "LCU" denotes "local currency units." An increase in US\$/LCU denotes appreciation.

Annex 9. Key Social Indicators

	Latest single year			Same region/income group	
	1980-85	1990-95	2002-08	Sub-Saharan Africa	Low-income
POPULATION					
Total population, mid-year (millions)	41.0	57.0	80.7	819.3	976.2
Growth rate (% annual average for period)	3.0	3.3	2.6	2.5	2.1
Urban population (% of population)	11.5	13.9	17.0	36.4	28.7
Total fertility rate (births per woman)	7.0	6.8	5.3	5.1	4.0
POVERTY					
<i>(% of population)</i>					
National headcount index	..	..	..	..	..
Urban headcount index	..	..	..	..	..
Rural headcount index	..	..	..	..	..
INCOME					
GNI per capita (US\$)	190	150	280	1,077	523
Consumer price index (2000=100)	37	73	190	127	132
Food price index (2000=100)	49	94	92	..	..
INCOME/CONSUMPTION DISTRIBUTION					
Gini index	32.4	40.0	29.8	..	..
Lowest quintile (% of income or consumption)	8.6	7.2	9.3	..	..
Highest quintile (% of income or consumption)	41.3	47.7	39.4	..	..
SOCIAL INDICATORS					
Public expenditure					
Health (% of GDP)	..	..	2.2	2.6	2.3
Education (% of GDP)	2.4	3.3	5.5	4.1	3.4
Net primary school enrollment rate					
<i>(% of age group)</i>					
Total	..	24	78	73	80
Male	..	27	81	75	82
Female	..	20	75	70	78
Access to an improved water source					
<i>(% of population)</i>					
Total	..	20	42	58	67
Urban	..	79	96	81	86
Rural	..	10	31	46	60
Immunization rate					
<i>(% of children ages 12-23 months)</i>					
Measles	12	38	74	72	78
DPT	6	57	81	72	80
Child malnutrition (% under 5 years)	..	..	35	25	27
Life expectancy at birth					
<i>(years)</i>					
Total	44	49	55	52	59
Male	43	48	54	51	58
Female	46	51	57	53	60
Mortality					
Infant (per 1,000 live births)	126	108	69	86	76
Under 5 (per 1,000)	212	180	109	144	118
Adult (15-59)					
Male (per 1,000 population)	491	448	339	395	295
Female (per 1,000 population)	401	358	297	362	254
Maternal (modeled, per 100,000 live births)	..	..	720	900	790
Births attended by skilled health staff (%)	..	..	6	46	44

Note: 0 or 0.0 means zero or less than half the unit shown. Net enrollment rate: break in series between 1997 and 1998 due to change from ISCED76 to ISCED97. Immunization: refers to children ages 12-23 months who received vaccinations before one year of age or at any time before the survey.
World Development Indicators database, World Bank - 23 April 2010.

Annex 10. Key Exposure Indicators

Indicator	2004	Actual			Estimated			Projected		
		2005	2006	2007	2008	2009	2010	2011	2012	2013
Total debt outstanding and disbursed (TDO) (US\$m) ^a		6204	2273	2620	2882	3137	3462	3790	4021	4141
Net disbursements (US\$m) ^a	
Total debt service (TDS) (US\$m) ^a		93	..	..	..	..	..	..	..	..
Debt and debt service indicators (%)										
TDO/XGS ^b		299.8	98.9	90.6	82.4	..	..	..	..	..
TDO/GDP		50.4	15.0	13.4	10.8	9.8	11.2	11.7	11.7	11.3
TDS/XGS		4.5	..	..	..	..	..	..	..	..
Concessional/TDO		83.4	66.7	72.8	76.8	82.5	87.6	89.1	90.2	91.1
IBRD exposure indicators (%)										
IBRD DS/public DS	
Preferred creditor DS/public DS (%) ^c		53.6	..	..	..	..	..	..	..	..
IBRD DS/XGS	
IBRD TDO (US\$m) ^d	
Of which present value of guarantees (US\$m)										
Share of IBRD portfolio (%)	
IDA TDO (US\$m) ^d		3359	553	711	859	1028	1296	1534	1742	1888
IFC (US\$m)										
Loans										
Equity and quasi-equity /c										
MIGA										
MIGA guarantees (US\$m)										

a. Includes public and publicly guaranteed debt, private nonguaranteed, use of IMF credits and net short-term capital.

b. "XGS" denotes exports of goods and services, including workers' remittances.

c. Preferred creditors are defined as IBRD, IDA, the regional multilateral development banks, the IMF, and the Bank for International Settlements.

d. Includes present value of guarantees.

e. Includes equity and quasi-equity types of both loan and equity instruments.

Annex 11. Operations Portfolio

As Of 9/13/2010

Closed Projects 96

IBRD/IDA *

Total Disbursed (Active)	1,490.90
of which has been repaid	0.00
Total Disbursed (Closed)	2,483.38
of which has been repaid	161.74
Total Disbursed (Active + Closed)	3,974.27
of which has been repaid	161.74
Total Undisbursed (Active)	1,971.54
Total Undisbursed (Closed)	0.00
Total Undisbursed (Active + Closed)	1,971.54

Active Projects

Project ID	Project Name	<u>Last PSR</u>		Fiscal Year	<u>Original Amount in US\$ Millions</u>			<u>Difference Between Expected and Actual Disbursements^{af}</u>			
		<u>Supervision Rating</u>			IDA	GRANT	Cancel.	Undisb.	Orig.	Frm	Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P101556	ET-Elect. Access Rural II SIL (FY07)	MS	MS	2008	130			124.93	110.31		
P113220	ET Productive Safety Nets (APL III)	S	S	2010	480			356.56			
P079275	ET- Cap. Building for Agric. Serv (FY06)	S	S	2006	54		13.00	5.66	5.81	-5.53	
P106228	ET- Ethiopia Nutrition SIL (FY08)	MS	MS	2008	30			24.42	16.62		
P090789	ET- Sustainable Land Management (FY08)	MS	S	2008		9.00		7.11			
P091077	ET-APL3-RSDP Stage III Proj (FY07)	S	S	2007	225			175.97	65.62		
P097271	ET-Electricity Access (Rural) Expansion	S	S	2006	133.4			68.73	60.89		
P049395	ET-Energy Access SIL (FY03)	S	S	2003	312.7			224.92	20.39		
P077380	ET-GEF Energy Access Prj (FY06)	S	S	2006		4.93		3.18	3.18		
P106855	ET-General Educ Quality Improv. (FY09)	S	MS	2009	50			36.54	-14.08		
P092353	ET-Irrigation & Drainage SIL (FY07)	S	S	2007	100		10.00	69.75	68.47		
P098031	ET-Multi-Sectoral HIV/AIDS II (FY07)	MS	MS	2007	30		5.00	5.08	9.28	0.20	
P108932	ET-Pastoral Community Develpt II (FY08)	S	MS	2008	80			49.60	12.03		
P103022	ET-Protect. Basic Serv. Phase II (FY09)	S	S	2009	540			47.92	-9.49		
P074020	ET-Pub Sec Cap Bldg Prj (FY04)	S	S	2004	150		20.00	47.22	18.50		
P106872	ET-RSDP Stage IV APL (FY09)	S	S	2009	245			238.59	-2.61		
P082998	ET-Road Sec Dev Prgm Ph 2 Supl 2 (FY05)	S	S	2005	348.2			135.01	-59.65	-15.70	
P107139	ET-Sustainable Land Mngt SIL (FY08)	MS	S	2008	20			15.02	4.30		
P096323	ET-Tana & Beles Int. Wat Res Dev Project	MS	MU	2008	45			36.42	13.64		
P098132	ET-Tourism Develop. Project SIL	S	S	2009	35			31.67	-1.18		
P101474	ET-Urban Local Govt Development (FY08)	S	S	2008	150			86.08	-13.31		
P101473	ET-Urban WSS SIL FY07)	S	MU	2007	100			70.72	35.29		
P076735	ET-Water Sply & Sanitation SIL (FY04)	S	MS	2004	180		13.00	100.19	31.09		
P074011	ET/Nile Basin Initiative:ET-SU Interconn	MS	MS	2008	41.05			14.86	13.31		
P050272	Priv Sec Dev CB	S	S	2005	24		7.00	5.67	11.92	7.19	
Overall Result					3503.35	13.93	68.00	1,981.83	284.27	-13.83	

Source: BW

Annex 12. Ethiopia Trust Fund (TF) Portfolio

Proj. ID	Project Name	TF #	Approved Amt	Sign Date	Closing Date	Disbursed Amt FY08-10	Undisbursed Amt
P050383	ET Food Security Cofinancing Project	TF 51169	5,146,637	12-Mar-03	30-Jun-10	1,531,008	2,161,921
P050383	Ethiopia Food Security Project	TF 52696	15,003,432	6-Sep-04	30-Jun-10	1,650,699	8,525,715
P049395	ET Women Fuelwood Carriers	TF 54213	1,860,650	12-Aug-05	31-Aug-10	753,976	906,674
P077380	GEF-ENERGY ACCESS PROJECT	TF 56092	4,930,000	28-Apr-06	30-Jun-11	1,456,202	3,223,798
P074015	Protection of Basic Services	TF 56885	177,453,647	21-Jun-06	30-Jun-09	8,353,647	0
P101929	Managing and Enforcing Intellectual Property Rights: Creating a Driver of Growth	TF 57338	496,000	2-Oct-06	1-Oct-10	288,521	157,479
P074015	Protection of Basic Services	TF 56942	87,847,500	26-Oct-06	31-Dec-10	72,095,163	5,769,462
P098428	Humbo and Soddo Community-Based Natural Regeneration Project	TF 56939	189,850	28-Dec-06	30-Jun-10	123,858	65,992
P074015	Protection of Basic Services	TF 57683	8,025,896	2-May-07	30-Jun-09	8,025,896	0
P098093	Productive Safety Nets APL II	TF 58248	113,846,332	12-Jun-07	30-Apr-10	92,997,788	20,848,544
P079275	Rural Capacity Building Project	TF 90084	9,547,921	20-Jun-07	30-Sep-10	5,142,437	4,405,483
P074015	Protection of Basic Services	TF 90445	390,314,870	22-Jun-07	30-Jun-09	290,814,870	0
P091077	ET-Road Sector Dev. Stage III Proj. (APL3) in support of Govt's RSDP	TF 56516	1,542,375	31-Dec-07	31-Dec-10	325,704	1,216,671
P076735	Ethiopia Water Supply and Sanitation Project	TF 91704	111,675,531	9-Apr-08	31-Dec-12	25,709,666	85,965,865
A. Total grant signed before the CAS but active during the CAS Period			927,880,640			509,269,437	133,247,604
P090789	ET-Sustainable Land Management Program	TF 92320	9,000,000	16-Jul-08	30-Sep-13	1,523,426	7,476,574
P105651	Ethiopia Electricity Access Rural Expansion, Phase II - GPOBA	TF 92600	6,200,000	30-Oct-08	31-Dec-11	-	6,200,000
P105651	Ethiopia Electricity Access Rural Expansion, Phase II - GPOBA	TF 92601	1,800,000	30-Oct-08	31-Dec-11	-	1,800,000
P106855	General Education Quality Improvement Project - APL 1 (GEQIP)	TF 93227	70,000,000	21-Nov-08	30-Jun-10	36,500,000	33,500,000
P114843	PHRD Ethiopia: Cluster Development Program	TF 93486	240,000	16-Feb-09	3-Nov-11	106,790	133,210
P115788	Development Marketplace for the African Diaspora in Europe Winning Project	TF 93792	53,982	6-Apr-09	31-Jan-11	45,073	8,910
P114913	ET: Flood risks prevention in Ethiopia	TF 93300	315,000	25-May-09	30-Jun-12	-	315,000
P103022	Ethiopia Protection of Basic Services Program Phase II	TF 94641	194,926,392	19-Jun-09	31-Dec-11	194,926,392	0
P106855	General Education Quality Improvement Project - APL 1 (GEQIP)	TF 94224	14,960,000	24-Jul-09	13-Jun-13	14,960,000	0
P106228	ET-Community-Based Management of Severe Acute Malnutrition	TF 93946	1,810,434	14-Aug-09	14-Aug-13	-	1,810,434
P096323	ET: Tana & Beles Integrated Water Resources Development	TF 95045	3,484,679	31-Aug-09	30-Sep-13	1,000,000	2,484,679
P117216	ET: Forest Carbon Partnership Facility Readiness Grant	TF 94541	200,000	2-Sep-09	31-Dec-10	100,000	100,000
P103022	Ethiopia Protection of Basic Services Program Phase II	TF 95106	14,449,440	14-Sep-09	30-Jun-12	-	14,449,440
P098093	ET: Productive Safety Nets APL II	TF 95296	28,261,351	21-Oct-09	30-Jun-10	28,261,351	0
P115154	Ethiopia Statistical Capacity Building: Data Systems and Economy	TF 95746	167,596	8-Apr-10	30-Apr-11	-	167,596
B. Total grant signed during CAS period			345,868,874			277,423,032	68,445,842
Total A+B			1,273,749,514			786,692,469	201,693,446

NB In addition \$21m were provided to cover the Bank - Executed activities during that period.

Annex 13. IFC Program and Portfolio

Ethiopia: IFC Investment Operations Program

	2008	2009	2010	2011*
Commitments (US\$m)				
Gross	55.00		5.29	
Net**	55.00		5.29	

Net Commitments by Sector (%)

EQUITY			100	
LOAN	100			
Total	100	0	100	0

Net Commitments by Investment Instrument (%)

Equity			100	
Loan	100			
Total	100	0	100	0

* As of March 31, 2011

** IFC's Own Account only

Ethiopia Committed and Disbursed Outstanding Investment Portfolio As of 8/31/2010 (In USD Millions)

FY Approval	Company	Committed					Disbursed Outstanding				
		Loan	Equity	**Quasi Equity	*GT/RM	Participant	Loan	Equity	**Quasi Equity	*GT/RM	Participant
2008	Dmc	55	0	0	0	0	0	0	0	0	0
2010	Nyota	0	5.05	0	0	0	0	5.04	0	0	0
Total Portfolio:		55	5.05	0	0	0	0	5.04	0	0	0

* Denotes Guarantee and Risk Management Products.

** Quasi Equity includes both loan and equity types.

ETHIOPIA

- SELECTED CITIES AND TOWNS
- ⊙ REGION CAPITALS
- ⊕ NATIONAL CAPITAL
- ~ RIVERS
- MAIN ROADS
- RAILROADS
- REGION BOUNDARIES
- - - INTERNATIONAL BOUNDARIES

