

## 1. CAS Data

<b>Country:</b> Ethiopia	
<b>CAS Year:</b> FY03	<b>CAS Period:</b> FY03 – FY07
<b>CASCR Review Period:</b> FY03 – FY07	<b>Date of this review:</b> April 23, 2008

## 2. Executive Summary

i. This review covers the FY03-05 CAS and the FY06-07 Interim CAS (ICAS). IEG has also prepared a Country Assistance Evaluation (CAE) which assesses the outcomes of the Bank's assistance to Ethiopia over the FY98-06 period. The period covered in this CASCR Review thus extends beyond that covered in the CAE, while the latter begins several years earlier (inter alia covering the period of the Eritrean war). As a result, the period covered in this CASCR Review encompasses relatively more of the favorable development outcomes that have emerged in recent years.

ii. The overarching objective of IDA's strategy—which was relevant to and consonant with the development priorities articulated in Ethiopia's 2002 PRSP—was to support the Government in its efforts to reduce poverty. To advance this objective, the strategy was built around four pillars: pro-poor growth; human development; governance; and vulnerability. Neither the CAS nor the ICAS was prepared as a results-based pilot. Nevertheless, some lack of specificity in selected benchmarks and targets associated with IDA support to Ethiopia notwithstanding, these pillars were aligned with the country's needs.

iii. In the event, the IDA program was implemented with some modifications relative to plans in the FY03-05 CAS. The first two operations of a planned sequence of PRSCs were processed, although the Bank reduced the amount of both operations to reflect less-than-anticipated progress on reforms in certain areas. The post-election crisis in 2005, and the Bank's subsequent decision to replace direct budget support under PRSCs with a different modality for delivering financial support, the Protection of Basic Services (PBS) project, also entailed the postponement of the full CAS that had initially been planned for FY06-08. Instead, an ICAS was processed, which adjusted the Bank's program and made strengthening governance the priority overarching theme. Overall, the IDA program provided US\$2.3 billion to Ethiopia over the period covered in this CASCR Review, ranking the country as the fifth-largest IDA borrower in the world and the largest in Africa. Beyond IDA funding, the Bank's analytical work was generally of good quality, although on occasion it could have been used more effectively to table policy disagreements with the Government as well as options for bridging them. IFC was largely absent from Ethiopia during the period covered by this CASCR review.

iv. Ethiopia's economic growth strengthened and poverty declined during the review period. The areas in which the Bank made positive contributions included those for which the Government's commitment and implementation was strong, such as pro-poor public expenditure and human development. Where commitment was weaker and/or policy dialogue was more challenging, as in private sector development and governance, progress was less satisfactory.

v. In this CASCR Review, IEG rates the overall outcome of the IDA program as moderately satisfactory. The more favorable rating relative to that found in the CAE—in spite of the more significant weight that IEG has given the governance pillar, which it believes to be an essential underpinning for the sustainability of reforms under the other pillars—is the result of two factors: (i) the review period covered in the CASCR Review begins and ends later than the CAE review period; and

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(ii) the realization of outcomes targeted in the CAS was relatively more favorable in the latter part of the CAE review period than it was in the initial part.

vi. Bank performance is likewise rated moderately satisfactory. The Bank's efforts to adjust to emergency conditions and political turbulence were commendable. Nevertheless, the Bank would likely have been more effective had it tightened the link between the scale of resources transfers in support of particular areas and the quality of policy dialogue in those areas. Analytical work could have been used to address policy differences with the Government, as well as options for resolving them, in a more frontal way. The Bank collaborated closely with other development partners, although more open discussion on a regular basis, especially in times of crisis, might have given development partners as a group somewhat greater leverage in reform areas where the dialogue is more challenging, such as governance.

vii. In terms of the main lessons, the CASCR highlights the need to: (i) enhance transparency and accountability in IDA program implementation; (ii) resume budgetary support; and (iii) strengthen the focus on results. IEG concurs largely with this analysis, while noting inter alia that: (i) to ensure effective resumption of budgetary support, Bank efforts to persuade the Government to broaden and deepen reforms need to be underpinned more strongly by analytical work and forceful dialogue on key drivers of growth (e.g., private sector development); and (ii) to ensure that the outcome of poverty reduction and social progress is correctly monitored on a timely basis, a good M&E function is essential.

### 3. CASCR Summary

#### **Overview of CAS Relevance:**

1. With a population estimated at 71 million and a per capita income of US\$180 (Atlas method) Ethiopia ranks among the poorest countries in the world and is almost at the bottom in terms of the UN's Human Development Index in 2006. Agriculture, the dominant sector in the economy, remains vulnerable to weather-related shocks. Conflict, notably the 1998-2000 war with Eritrea, has exacted a heavy toll on the economy.

2. Ethiopia is the fifth largest IDA borrower in the world, and the largest in Africa. Over the review period, IDA strategy aimed to support the Government's efforts to reduce poverty by helping to: (i) enhance pro-poor growth by maintaining macroeconomic stabilization, fostering an enabling environment for private and financial sector development, accelerating rural growth, and improving infrastructure; (ii) develop human capital by improving delivery of education, health and water services; (iii) improve governance by reforming public sector systems, strengthening decentralization, and empowering civil society; and (iv) reduce vulnerability by improving food aid delivery and other safety net programs, managing the vulnerability of the economy to terms of trade shocks, and increasing attention to environmental issues. Following the crackdown in the wake of the 2005 elections, the Bank prepared an Interim CAS in 2006, in which improved governance underpinned IDA support.

3. Bank strategy was substantially relevant and aligned with the Government's development program, known as the Sustainable Development and Poverty Reduction Program (SDPRP). The SDPRP was built around four pillars: (i) agricultural development-led industrialization and food security; (ii) governance, decentralization, and empowerment; (iii) reform of the justice system and the civil service; and (iv) capacity building.

4. The CAS embodied certain assumptions concerning the political consensus and institutional capacity to deliver private and rural sector development reforms, which proved over optimistic. Difficulties were encountered in implementing reforms in certain areas such as telecoms, privatization, and land policy. These difficulties were reflected in reduced lending amounts under the PRSC program before it was suspended along with direct budget support from other donors.

### Overview of CAS Implementation:

5. **Lending.** The CASCR covered two periods: the original CAS (FY03-05) and the ICAS (FY06-07). During FY03-05 actual lending commitments (US\$1.174 billion) were below the base case lending scenario (US\$1.504 billion). The level of budget support was reduced relative to planned levels and some projects envisioned in the FY03 CAS were delayed or folded into other projects. The Bank reduced the amount of PRSC I from US\$150 million to US\$120 million because of disagreement over telecom reform. Similarly, the amount of PRSC II was reduced from US\$150 million to US\$130 million because of slower-than-anticipated progress in rural and private sector development. With the suspension of budget support in 2005, PRSC III was replaced by a Protection of Basic Services (PBS) Project. Part of the shortfall in lending was made up by additional activities which did not feature in the CAS, such as the Productive Safety Net Program. Actual commitments over the ICAS period (FY06-07) were US\$1.105 billion, consistent with the envisioned amount. Overall, the IDA program provided US\$2.3 billion to Ethiopia, compared to a planned range of US\$2.4-2.5 billion, through 27 credits during FY03-07.

6. Seventeen Bank operations closed during the FY03-07 period and were reviewed by IEG in the ICR Reviews. Seventy-one (71) percent were rated Satisfactory (5 operations were rated Satisfactory, 7 Moderately Satisfactory, and 5 Moderately Unsatisfactory) as compared to AFR Region and Bank-wide averages of 68.5 and 78.3 percent, respectively. The IEG outcome ratings in the ICR Review of PRSC I and PRSC II were moderately satisfactory and moderately unsatisfactory, respectively. Sustainability and institutional development impact of closed operation were rated relatively low in comparison with the regional and Bank-wide average. In contrast, portfolio implementation compared favorably to Bank and regional averages. Projects at risk and commitments at risk averaged 11.4 and 4.9 percent of the respective totals over the period FY03-07, with a downward trend relative to their peak in 2004/05. This compares to 22.8 and 20.1 percent for the AFR region and 16.0 and 14.3 percent for Bank-wide averages.

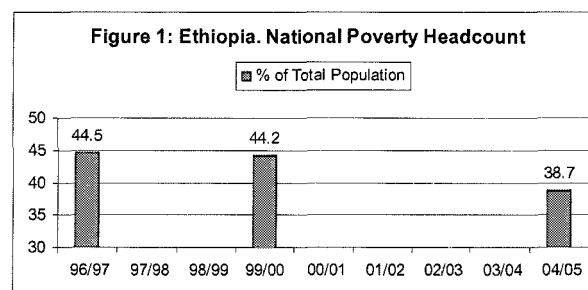
7. **Non-lending.** Bank non-lending activities were roughly in line with the CAS/ICAS plans. Twenty-four of the 25 AAAs proposed in the FY03 CAS were completed along with 8 non-programmed analytical pieces (Annex Table 2). Similarly, 15 of the 20 AAAs proposed in the FY06 ICAS were completed along with 7 non-programmed analytical tasks. Overall, 54 analytical pieces were produced during FY03-07.

8. The Bank's AAA work was largely satisfactory in quality to underpin lending, albeit with slippages in some products. Of the 13 AAA reviewed by QAG in its Country Program Assessment (CPA) of Ethiopia during FY03-05, only one task (Paramedical Manpower Study) was judged moderately satisfactory and the remaining studies were satisfactory. Nevertheless, there were some delays in addressing important knowledge gaps concerning economy-wide issues and agriculture. For example, the planned FY04 CEM on growth and governance and the planned FY04 rural development review were completed as late as FY06/07.

### Overview of Achievement by Objective:

#### Pillar I: Enhancing pro-poor growth

9. Official statistics indicate that GDP growth averaged nearly 7 percent per year between 2002/03 and 2005/06 (equal to the growth rate envisaged in the SDPRP), implying annual average per capita income growth of about 4 percent. Official data also indicate that the poverty headcount fell from 44.2 percent in 1999/2000 to 38.7 percent in 2004/05. In contrast, the Bank's 2005 Poverty Assessment (*Well-Being and Poverty in Ethiopia*) estimated that the incidence of poverty (using a national poverty line equivalent to US\$1.50 per day in 1993 PPP terms) declined only marginally between 1990 and 2004, from 38.4 to 36.2 percent. The Government's poverty



estimates show no discernible trend during the 1996-2000 period, since the incidence of poverty was almost identical in 1996 and 2000 (Figure 1). Evidence on poverty reduction from other sources is mixed<sup>1</sup>. Given the range of poverty estimates and methodologies, it would be worthwhile for the Bank—working closely with the Government—to seek consensus on the appropriate poverty line so that policy and strategy to reduce poverty can be brought into sharper focus. IDA-supported reforms, discussed further below, contributed to the progress in pro-poor growth. Recent growth notwithstanding, the sustainability of growth over the longer-term remains a concern, as the last few years have been spared major droughts, which risk reversing hard-earned gains. In addition, the pace of growth is being fueled by overseas development assistance (Annex Table 6), the sustainability of which is unclear.

10. *Maintaining macroeconomic stability.* The country continued its traditionally prudent macroeconomic management after the end of the war with Eritrea. Substantial quick-disbursing assistance from IDA (through the ERSC, ESAC and PRSCs) as well as from the IMF helped stabilize the economy and support a flurry of reforms. Performance under an IMF PRGF arrangement during 2001-4 was good. All the quantitative and structural performance criteria agreed with the IMF were met. Ethiopia also reached the completion point under the HIPC Initiative in April 2004, which reduced external debt and brought scheduled debt service obligations to more manageable levels. In the wake of the post-election crisis in 2005, however, external assistance was reduced and macroeconomic performance began to deteriorate. By early 2007, inflation was running at about 13 percent, the trade deficit had reached about one-fourth of GDP, and foreign exchange reserves stood at about two months of imports.

11. *Fostering an enabling environment for financial and private sector development.* With IDA support, there has been some progress in business licensing, customs clearance, the overall tax regime, labor regulations, and other business regulations. For example, there was a reduction in the cost and time to register a business from US\$400 and 44 days in 2003 to US\$70 and 16 days in 2006. This last result was achieved by eliminating the requirement for a newspaper announcement. An Investment Climate Assessment (ICA) in 2006 also reported improvements. Nevertheless, progress has been slower in some of the most critical areas—privatization, competition policy, and access to land—and the share of private investment in GDP remained around 12 percent between 2001/02 and 2005/06. IFC has largely held off from approving new investments in the last decade, owing mainly to currency exchange and foreign ownership restrictions. As indicated in the CAE, the Ethiopia Investment Agency reported a more than eight-fold increase in FDI inflows from 11 million Birr in 2002 to 93 million Birr in 2006, although it was not clear to what extent the new investment was diversified across sectors.

12. *Privatization.* The pace of privatization has been slower than initially anticipated and the policy dialogue sometimes contentious. About 200 (mostly small) enterprises were privatized between 1994 and 2005, with another 130 state-owned enterprises (SOEs) in the pipeline. Subsequently, over the past two years, the pace of privatization picked up following the introduction of streamlined procedures and guidelines on valuations and deferred payment supported by the PRSC program. In spite of this progress, the pace remains slow and key sectors such as finance, telecom, power, transport, and wholesale and retail distribution continue to be dominated by SOEs and protected from foreign investment and competition.

13. *Competition policy remains among the major issues requiring attention.* The area of competition policy continues to be critical because of the special privileges reportedly given to party-affiliated enterprises. The Government has now established a competition commission, including a secretariat to administer it. While this is significant, many follow-up measures are still called for. Private sector members of the commission have not been appointed, and the secretariat is understaffed and under-funded, with its true autonomy still in doubt, and the law itself contains too many exceptions to be useful. The rules still allow for discretion vis-à-vis any enterprise designated an exception by the Government, and do not address the contentious issue of party-affiliated enterprises. Despite these shortcomings, the measures taken on competition represent a significant step in the right direction. In addition, the Government has recently signaled a willingness to revise the law.

14. *Accelerating rural growth.* PRSC benchmarks relating to agriculture, notably a reduction in the volume of fertilizers sold with government guarantees and disengagement of extension staff from input

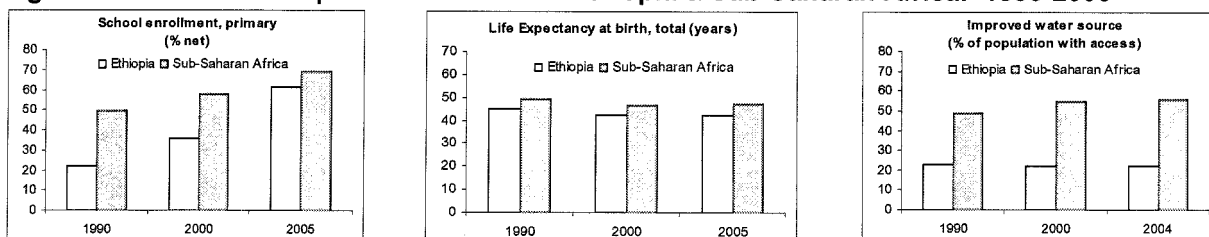
delivery, were partially met. To increase competitiveness in fertilizer marketing, the Bank requested the Government to reduce the amount of annual fertilizer sales with regional government guarantees to 200,000 tons. This target was not reached and was further reduced to 100,000 tons (see IEG ICR Review of PRSC program). To promote land tenure security (all land is publicly owned) the Government agreed to review and harmonize Regional Land Proclamations, to establish land administration institutions in four major regions, and to identify best practice. This was partially achieved. The proclamations were issued but only two communities in one region reached the stage of issuing geo-referenced certificates with maps. In short, while there was some progress, measures taken fell short of what had been anticipated initially, leading the Bank to reduce the amount of PRSC I and PRSC II in part because of insufficient progress on reforms aimed at accelerating growth in rural areas.

15. *Improving infrastructure.* Bank assistance to the roads sector—which received the largest support from IDA of any single sector—resulted in an increase in road density from a very low level of 27 kilometers per 1,000 square kilometers in 2000/01 to 35.9 in 2005/06, although even the latter ratio remains well below the African average. The IDA-supported Roads Sector Development Project (FY05) has been one of the most successful projects in the Bank's portfolio, resulting in 1,264 kilometers of new roads added. Additional rehabilitation of 70 kilometers of the 140-kilometer *Gewane-Mille* road was also undertaken with Bank support. Between 1997 and 2006, the share of the network that is in good condition increased from 17 percent to 60 percent for paved roads, resulting in a reduction of vehicle operating costs by 16 percent and journey time by 25 percent over the period.

## Pillar II: Enhancing human development

16. There has been notable progress in achieving Bank objectives with respect to coverage of health and education services, more uneven progress in terms of equity, and emerging but still-limited progress in terms of quality. In water and sanitation, progress is somewhat more difficult to ascertain. Pro-poor spending shifts (towards education, health, water, agriculture and natural resources, and roads), a reform measure advocated by both the Bank and the IMF, increased between 2002/03 and 2005/06 by 28.8 percentage points in real terms per capita and facilitated improvement in social well-being. Social indicators have mostly, but not uniformly, improved in recent years, albeit from a very low base (Figure 2). Based on a 2004 study by the Government and the UNDP, it was concluded that most of the Millennium Development Goals (MDGs) are unlikely to be achieved; however, these projections, now four years old, do not take account of the recent acceleration in growth and in improvements in human development indicators.

**Figure 2: Human Development Indicators in Ethiopia & Sub-Saharan Africa: 1990-2005**



Source: WB DDP Database as of February 21, 2008

17. *Education.* The Bank's support for education has produced positive results. Many education indicators, including those on enrollment, completion, access for the poor, and access in the most underserved regions, have improved. During 1999/00 and 2004/05, gross enrollment (grades 1-8) increased from 51 percent to 79 percent. However, enrollment varies considerably across regions, with the national average almost five times higher than that of the two regions where enrollment is lowest (Afar and Somali). While enrollment in the most underserved regions has improved, the pastoral regions of Afar and Somali started with extremely low enrollments. As enrollment has increased, the pupil/teacher ratio has remained high (66 students per teacher) and several pupils share one textbook (Annex Table 7). The Bank, in its analytical work and sector dialogue,

pointed to the need for a phased and prioritized approach to education expansion, but ultimately supported the Government's rapid approach. Bank-supported measures to shift the resources freed from a reduction in school construction costs to increase spending on support for teachers and pedagogical materials have been implemented more recently and are expected to improve education quality. Gender gaps in enrollment are declining, but have remained large, and the newly-completed Bank ESW on gender will provide a platform from which to deal with gender issues in the near term.

18. *Health.* Public health expenditures per capita rose from \$5.60 in 1999/2000 to \$7.10 in 2004/2005, enabling 70 percent of the population to have access to primary health care (PHC) by the latter year, up from 45 percent five years earlier. (Note that 70 percent was targeted for 2002 in the 1997 CAS). The contraceptive prevalence rate also increased from 8.1 percent of the adult population to 14.7 percent over the same 5-year period (as compared with a target of 15-20 percent by 2004), which helped reduce total fertility from 5.9 to 5.4 over the period. Similarly, immunization coverage has increased substantially and maternal and infant mortality have improved (Annex Table 7), but are still at high levels. Life expectancy first increased from the 1997 baseline of 52 years to 54 years in 2001/02, and then dropped to 48 in 2005 as the HIV/AIDS pandemic took its toll. The Bank has, however, provided support for HIV/AIDS prevention and control, including support for piloting an HIV/AIDS survey. Nevertheless, shortages of staff in rural areas continue to be a concern, despite recent increases in employment in some health worker categories, including nurses. In addition, health centers are still often short of essential equipment and supplies, making utilization and coverage rates (based on visits and consultations) at best incomplete proxies for service provision, let alone outcomes. Differences across regions of the country remain significant, both in access/availability and quality standards, resulting in highly unequal outcomes.

19. *Water and sanitation.* The CAS goal of supporting the Government's efforts to increase the population's access to clean water and improved sanitation appears to have had limited success. The percentage of population with sustainable access to an improved source of water, a key MDG, is estimated to have declined marginally from 23 percent in 1990 to 22 percent in 2006, according to the UN's 2006 Human Development Report. This puts Ethiopia in the 169th place among 177 countries for which information is available. In the same vein, per capita water consumption by residents of Addis Ababa is estimated to have fallen by a quarter between 1998 and 2005. Government data, in contrast, suggest that the percentage of households with access to water at the national level increased from 24 percent in 2000 to 42 percent in 2004/05 and 52 percent in 2006/07. It is also estimated in the Human Development Report that only 13 percent of Ethiopians have regular access to improved sanitation, which placed Ethiopia ahead of eight other countries. The outcome of World Bank support for water and sanitation is thus difficult to assess, not least because of differences in definition of access and data on this from different sources, pointing again to the importance of supporting a reliable and well-developed M&E system to gauge performance.

### **Pillar III. Improving governance**

20. Bank support under the governance pillar was associated with some favorable changes, notably in the area of public financial management and decentralization. But progress in governance reforms relating to local autonomy, accountability, and citizen empowerment was limited. Governance assessment ratings from the World Bank's Country Policy and Institutional Assessment (CPIA) exercise indicate that Ethiopia does not generally compare favorably with other countries. Weaknesses in governance have also been reflected in assessments of the country's business climate.

21. *Supporting the reform of public sector systems.* With the support of the Bank mainly through the PRSCs (2004, 2005) and the Public Sector Capacity-Building Project (PSCAP, 2004), progress was made on public financial management, including implementation of a comprehensive budget framework and fiscal reporting systems and improved accounting and management information systems at the federal and regional levels. Substantial progress was also made in increasing pro-poor public expenditures. A system of intergovernmental transfers based on needs and performance was designed and implemented, municipalities were created, and revenue-raising authority was devolved.

22. *Strengthening decentralization.* It is likely that Bank support for decentralization—through various interventions, including the PRSC program—has contributed to political stability in Ethiopia by helping to bring about a more transparent and impartial inter-regional allocation of resources. The formal framework setting out decentralized responsibilities for service delivery and fiscal transfers has become clearer. The Bank helped establish a set of institutional arrangements for examining and discussing options and the evaluation of inter-regional transfers already in place. Transfers of resources to the regions have increased substantially, along with expenditure responsibilities, allowing regional authorities to recruit staff and deliver services. The fiscal decentralization strategy is a good start but leaves unresolved important issues related to the distribution of responsibilities among different levels of government, determination of resources to be transferred downward, or own resources for districts (known as *woredas*).

23. Despite the progress, a significant agenda remains in the area of decentralization. First, the degree of local autonomy with respect to use of funds and modalities of service provision is still significantly constrained and is uneven across regions. Second, sub-national governments' accountability has been limited as a result of repeated delays in holding local elections. Consequently, a key outcome with respect to greater autonomy and accountability of local governments could not be attained within the review period.

24. *Empowering civil society.* The Bank undertook good preparatory work that sought to help strengthen the accountability of the state through participatory mechanisms outside the three branches of Government. The program envisaged an expanded role for civil society, notably through the participation of non-governmental organizations and communities, supported by the Bank through capacity-building initiatives. However, the Government's buy-in was very qualified, particularly in the wake of the post-election crisis in 2005, and outcomes thus fell short of what had been targeted. The originally-planned civil society capacity-building project was scaled down and incorporated into the Protection of Basic Services Project (PBS) after 2005, and limited progress was made in opening space for civil society to enhance its role in promoting accountability.

#### **Pillar IV. Reducing vulnerability**

25. *Improving food aid delivery and other safety net programs.* The Bank's program as a whole made progress in addressing the severe problem of food-insecure households, mainly by supporting the innovative *Productive Safety Net Program* (PSNP) which involved a move toward food aid in cash rather than kind. The outcomes of the first phase of the program on reducing chronic food insecurity during 2005-2006 appear to be positive, benefiting some 5-7 million vulnerable individuals. The relatively good rainy seasons in these two years also contributed to improved food availability. However, the PSNP has yet to be tested under a severe drought. Frequent droughts have led to erratic agricultural growth in Ethiopia—strong in years of good rainfall (e.g. 2005, 2006) and collapsing during droughts (e.g. 2002, 2003). The sustainability of food security improvements is thus not yet assured. As the development objective of the PSNP is to help the Government shift from a relief-oriented to a productive and development-oriented safety net, continued cash transfers may create price pressures in the local grain markets if not accompanied by a strong agricultural supply response and market development.<sup>2</sup> Finally, the efficiency and effectiveness of the PSNP needs to be strengthened. Notwithstanding the higher labor intensity of the PSNP, it takes US\$1.88 to transfer US\$1 in net wage benefits and it takes US\$2.13 to transfer US\$1 of infrastructure benefit to the poor. These ratios may appear favorable compared to similar programs elsewhere; however, the PSNP needs to improve its delivery efficiency and effectiveness.

26. *Managing the vulnerability of the economy to terms of trade shocks through diversification and export promotion.* Ethiopia's trade policy has improved somewhat since 2005. The country has submitted a Memorandum of Foreign Trade to the WTO after a long delay. The weighted average tariff rate dropped from 19.5 to 17.5 percent, export taxes have been abolished, and a duty drawback system has been put in place. Export and import clearance procedures have improved, although Ethiopia still ranks very low (150 out of 178 countries) on trade facilitation, and the country's merchandise exports to GDP ratio of 7 percent is among the lowest in the world (IMF source). Little export diversification has taken place as agriculture still accounts for 90 percent of exports; Coffee is the dominant export product, with a 35 percent share. The composition of exports has not changed significantly.

27. *Increased attention to environmental issues.* There is broad agreement on the importance of the environment, and the Bank has supported several environment-related reform measures. In particular, the Government has issued a circular confirming that access to grants for food security would require compliance with guidelines for mitigating social and environmental risk, and secured Parliamentary approval to establish environmental protection organs and to undertake environmental impact assessments. The Productive Safety Net Program (PSNP) introduced restoration and rehabilitation of the environment in food-insecure areas. Various environmental agencies have been established, but these agencies are generally regarded as weak. The Bank has been criticized by other donors for neglecting to follow through in its supervision of environmental issues (see IEG ICR Review of PRSC program). In sum, the impact—in terms of reversing loss of environmental resources—is not yet known.

Achievement of CAS Objectives			
Objectives	CASCR Rating	IEG Rating	Explanation / Comments
Pillar I: Enhance pro-poor growth	Moderately satisfactory	Moderately satisfactory	Substantial improvement in stabilization and growth was achieved, but the sustainability of growth is uncertain and progress toward private sector development has been uneven, with some positive outcomes in the easing of business registration and licensing but less favorable outcomes in the key areas of privatization and competition policy. Growth and more pro-poor government spending have likely contributed to modest progress in poverty reduction.
Pillar II: Enhance human capital development	Satisfactory	Moderately satisfactory	Enhanced services were delivered in education. Health fared less well, but there were some signs of progress. In water and sanitation, progress was difficult to gauge because of inconsistent data sources. Quality of services, as well as disparities in access along gender and regional lines need attention. Progress on social indicators was modest on balance, though notable in some areas.
Pillar III: Improve governance	Moderately satisfactory	Moderately unsatisfactory	Progress was made on budget and financial management reforms, and the public sector has become better managed and more decentralized. However, anticipated improvements in local autonomy, external oversight and accountability were achieved only partially, and public participation and debate to bolster accountability remain weak.
Pillar IV: Reduce vulnerability	Satisfactory	Moderately satisfactory	There has been some progress in addressing the severe problem of food-insecure households. Achievements under other components—managing the vulnerability of the economy to shocks and protecting the environment—relating to the vulnerability objectives have been modest.



**Comments on Bank Performance:**

28. The Bank's strategy was well integrated with the Government's SDPRP (Ethiopia's PRSP). The Bank's core objectives were well-conceived and the interventions by and large well-designed. Bank program implementation entailed some modifications. The events of 2005 and the Bank's subsequent decision to withdraw direct budget support led to postponement of the full CAS that had initially been planned for 2006 and to cover FY06 to FY08. Instead, the 2006 Interim CAS adjusted the Bank's program by moving away from the direct budget support and by emphasizing governance.

29. With the benefit of hindsight, the Bank overestimated the commitment of the Government to private sector development so that little progress was made on fundamental issues of telecom reform, privatization, and land policy. These issues had been on the agenda of earlier reform programs under the 2001 Economic Rehabilitation Support Credit (ERSC) of US\$150 million and the 2002 Economic Structural Adjustment Credit (ESAC) of US\$120 million, and the Bank had hoped to be able to agree to further actions in most of these areas under the PRSC. "Stretched" goals may sometimes be appropriate, but not after repeated setbacks. With the experience accumulated under the preceding operations (ERSC and ESAC) and the additional experience of the telecom sector during PRSC I appraisal, there was an increasing case for more fundamental rethinking of the design and size of the PRSC program. The CAE recommended that the Bank restrict its interventions to policy dialogue and analytical work in areas where there were clear policy disagreements with the Government. To some extent, the Bank made some adjustments of this type during the review period (e.g., by reducing the total amount of PRSC1 by one fifth because of insufficient progress in certain reforms), but more ambitious adjustments could have avoided repeated backsliding in some areas.

30. Analytical work undertaken was roughly in line with the expectations in the Bank's strategy documents. The work was generally of good quality and suitable to underpin lending, albeit with some delays/insufficiency in some products. The QAG CPA noted a relative paucity of analytical work on economy-wide issues and concluded that work on key drivers of growth—e.g. agriculture, private sector development and exports—needed to be intensified. In the same vein, IEG's ICR Review of PRSC I noted, "The program started quickly, in some cases, with only limited analytical work in place."

31. The Bank collaborated closely with other donors, notably in its budget support. An important step under the PRSC was the introduction of a Joint Budget and Aid Review (JBAR) to allow the Government and its development partners to discuss budget coordination and policy issues. Both the Government and most development partners viewed this as an improvement over the public expenditure review that the JBAR replaced, although both the Government and development partners criticized the Bank for not locating the task team leader of such an important exercise in the field (the Bank has recently responded positively by assigning a staff member to the field). Other areas where aid coordination has had positive outcomes include capacity-building as well as productive safety nets (which involve moving towards food aid in cash rather than kind). In contrast, better coordination among development partners has not automatically entailed an open dialogue between the Government and development partners, especially in areas where the dialogue is more challenging, such as governance.

**4. Overall IEG Assessment**

<b>Outcome:</b>	<i>Moderately Satisfactory</i>
<b>Bank Performance:</b>	<i>Moderately Satisfactory</i>

32. Progress toward attaining the main objectives of the IDA program was uneven. The outcomes of Bank support for enhancing pro-poor growth, accelerating human capital development, and reducing vulnerability were relatively favorable. In contrast, the outcomes on public sector governance were much less favorable. Progress was made in some areas such as public financial management and decentralization. However, progress toward greater local autonomy and stronger oversight and accountability in the public sector moved at a much slower rate, and important constraints on public debate and participation remain. Bank strategy has consistently considered governance as a key goal; the FY03 CAS focused on governance and, following the post-election violence in 2005, the Bank adjusted its program by making governance the overarching priority theme and the center of the ICAS strategic objective. Given the importance of governance as it underlies the achievement of the other goals and is closely intertwined with private sector development and public service delivery, governance outcomes ratings received higher weighting in the overall evaluation, resulting in an overall rating of *moderately satisfactory* for the outcome of Bank country program during FY03-07.

## 5. Assessment of CAS Completion Report

33. The CASCR provides a comprehensive and candid assessment of the implementation and outcomes of the Ethiopia country program during FY03-07. However, the CASCR was somewhat constrained by the fact that the FY03 CAS and the FY06 ICAS aligned the Bank's program with broad objectives, identifying a few indicators that were insufficient to link Bank contribution to outcomes. Nevertheless, the CASCR managed to integrate key objectives and outcomes of both strategies into one coherent framework that facilitated the evaluation of results.

## 6. Findings and Lessons

34. The CASCR Identified the following lessons and findings:
- *Enhance transparency and accountability.* Develop measures to strengthen transparency, accountability and oversight mechanisms to enhance future implementation of programs.
  - *Resume budgetary support.* Resume PRSCs as soon as the Government and its development partners agree that conditions are appropriate.
  - *Focus on results.* Building a logical results chain in the M&E framework that links country goals with outcomes and outputs facilitates the monitoring of progress at various stages in implementation.
  - *Stay engaged.* Events like the contested 2005 elections in Ethiopia may change the terms of Bank engagement, but should not radically alter the Bank's overall involvement in the country.

35. IEG largely concurs with this analysis, with the following additional observations. The "remain engaged" lesson is consistent with the lessons and recommendations drawn in recent IEG recent evaluations: 2005 Improving the World Bank Development Effectiveness and 2006 Engaging with Fragile States: An IEG Review of World Bank Support to Low Income Countries Under Stress. Budgetary support needs to be underpinned more strongly by analytical work and forceful dialogue on key growth drivers (e.g. rural and private sector development) as its centerpiece. To ensure that the outcomes of poverty reduction and social progress efforts are adequately monitored, a good M&E system is essential along with improvements in statistical systems.

<sup>1</sup> An ongoing panel study done for the Bank shows a decline in the rural poverty headcount from 50% to 43% between 2000 and 2004, and a drop in the urban poverty headcount from 45.2% to 40.0% during the same period. A participatory poverty assessment commissioned by the Government and undertaken during the same period as the household survey does not point to substantial improvements. A rural survey done by the Bank in 2006 found that rural households reporting changes in income in the past year (when agricultural growth was over 11%) were about equally divided among those reporting an increase, those reporting a decrease, and those reporting no change (see IEG PPAR of PRSC program).

<sup>2</sup> The Region notes that the risk of price pressures in the local grain market has been assessed as minimal.

**Annex Table 1: Actual vs. Planned Lending FY05-08**

**Annex Table 2: Planned and Actual Analytical and Advisory Work FY03-08**

**Annex Table 3A: Project Rating for Ethiopia FY03-07**

**Annex Table 3B: IEG Project Rating for Ethiopia and Comparators FY03-07**

**Annex Table 4: Portfolio Status Indicators FY03-07**

**Annex Table 5: IBRD/IDA Net Disbursements and Charges Summary Report for Ethiopia**

**Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid 2000-2006**

**Annex Table 7: Economic and Social Indicators**

**Annex Table 8: Ethiopia Millennium Development Goals**



**Annex Table 1. Planned and Actual Lending FY2005-2008**  
**Base Case Scenario**

	Project ID	Proposed FY	Approval FY	Proposed Amount (US\$M)	Approved Amount (US\$M)
<b>CAS FY03</b>					
<b>2003</b>					
Energy Access	P049395	2003	Actual	132.7	132.7
Capacity Building for Decentralized Service Delivery (CBDSD)	P050938	2003	Actual	26.2	26.2
Ethiopia Social Rehabilitation Development Fund (ESRDF) Supplemental	P077457	2003	Actual	28.3	28.3
Emergency Drought Recovery	P081773	2003	Actual	60.0	60.0
Pastoral Community Development	P075915	2003	Actual	30.0	30.0
Road Sector Development (RSDP) Phase II <sup>a/</sup>	P044613	2003	Actual	127.0	126.8
<b>2004</b>					
PRSC I	P074014	2004	Actual	150.0	120.0
Road Sector Development (RSDP) Phase II (Supplement) <sup>a/</sup>	P082998	2004	2005	170.0	160.9
Public Sector Capacity Building Project (PSCAP)	P074020	2004	Actual	100.0	100.0
Water & Sanitation	P076735	2004	Actual	70.0	100.0
Post Secondary Education <sup>b/</sup>	P078692	2004	2005	50.0	40.0
Rural Capacity Building <sup>c/</sup>	P079275	2004	Delayed FY07	60.0	
Private Sector Development (PSD) Capacity Building	P050272	2004	2005	30.0	24.0
Information and Communications Technology Assisted Development (ICTAD) <sup>d/</sup>	P078458	2004	2005	20.0	25.0
<b>2005</b>					
PRSC II	P077749	2005	Actual	150.0	130.0
Decentralized Infrastructure Fund <sup>e/</sup>	P106559	2005	Delayed FY08	150.0	
Nile Basin Initiative	P074011	2005	Delayed FY08	100.0	
Multisectoral HIV/AIDS 2 (MAP II)	P098031	2005	Delayed FY07	30.0	
Civil Society Capacity Building <sup>e/</sup>	P106559	2005	Delayed FY08	20.0	
<b>Additional projects</b>					
Productive Safety Nets APL I	P087707	2005	Actual	50.0	70.0
<b>Total CAS FY03</b>				<b>1,504</b>	<b>1,174</b>
<b>ICAS FY06</b>					
<b>2006</b>					
Protection of Public Services (PBS)	P074015	2006	Actual	215.0	215.0
Road Sector Development Program II Supl APL	P099480	2005	Delayed FY07	87.0	87.3
Rural Electricity Access Expansion	P097271	2006	Actual	125.0	133.4
Financial Sector Capacity Building	P094704	2006	Actual	15.0	15.0
Capacity Building and Agricultural Services Project (CBAS)	P079275	2004	Actual	49.0	54.0
<b>2007</b>					
Productive Safety Nets APL II	P098093	2007	Actual	Range (\$400-\$550)	175.0
Local Investment Grants (LIG) <sup>e/</sup>	P103022	2007	Delayed FY08		
Rural Electricity Access Expansion 2	P101556	2007	Delayed FY08		
Tana Growth Corridor		2007	Delayed FY08		
Irrigation and Drainage	P092353	2007	Actual		100.0
<b>Annex Table 1. Planned and Actual Lending FY2005-2008 (continued)</b>					
Roads APL 3	P091077	2007	2007		225.0
Urban Development	P101473	2007	2007		100.0
<b>Total ICAS 06</b>				<b>891-1041</b>	<b>1,105</b>
<b>Total CAS 03 + ICAS06</b>				<b>2,395 - 2,545</b>	<b>2,279</b>
<b>2008 - Additional</b>					
Protection of Public Services (PBS) - Additional Financing	P106559	2005	Actual	215.0	215.0
Decentralized Infrastructure Fund	P106559	2005	Actual		
Civil Society Capacity Building	P106559	2005	Actual		
Local Investment Grants (LIG)	P106559	2007	Actual		
Nile Basin Initiative	P074011	2005	Actual	100.0	41.1
Rural Electricity Access Expansion 2	P101556	2007	Actual	130.0	130.0
Tana Growth Corridor	P096323	2007	Pipeline		35.0
<b>Additional 2008</b>				<b>445</b>	<b>421</b>

<sup>a/</sup> Roads II in CAS03

<sup>b/</sup> Post primary education in CAS03

<sup>c/</sup> Capacity Building and Agricultural Services Project (CBAS) Rural Capacity Building in CAS03

<sup>d/</sup> ICT Capacity Building in CAS03

<sup>e/</sup> Merged with Protection of Basic Services, Additional Funding (FY 08, P106559)

**Source:** Ethiopia CAS FY03, CAS Progress Report FY05, ICAS 06 and WB Business Warehouse as of February 6, 2007.

**Annex Table 2: Planned and Actual Analytical and Advisory Work, FY03-08**

Planned FY	Products	Project ID	Delivery Status
<b>FY 03</b>			
	Gender Assessment	P078154	Forwarded to FY04
	PER Basic Services - <i>"The emerging challenge: Public spending in the social sectors"</i>	P077409	Forwarded to FY04
	Diagnostic Trade Integration Framework - <i>"Trade and Transformation"</i>	P076645	Forwarded to FY04
	Risk and Vulnerability Assessment	P075304	Forwarded to FY05
	Investment Climate Assessment (ICA)	P083297	Forwarded to FY04
	Irrigation Note	P076064	Forwarded to FY04
	Joint Staff Assessment on PRSP	P075405	Actual
	Social Protection Strategy (merged with <i>Risk and Vulnerability Assessment</i> )	merged	
	<b>Additional Actual Deliveries</b>		
	Paramadical Manpower	P077888	Actual
	Country Procurement Assessment Report (CPAR)	P076660	Actual
	Country financial accountability assessment (CFAA)	P076163	Actual
<b>FY 04</b>			
	Country Economic Memorandum (CEM)- <i>Sources of Growth</i>	P078740	Forwarded to FY07
	Education Country Status - <i>"Education in Ethiopia: Strengthening the foundation for sustainable progress"</i>	P078677	Forwarded to FY05
	Higher Education Review	P078260	Actual
	Health Country Status Report	P078657	Forwarded to FY05
	Poverty Assessment	P079430	Forwarded to FY05
	Country Environmental Analysis	P080545	Forwarded to FY05
	Rural Development Review - <i>"Mobilizing Rural Institutions for Sustainable Livelihoods and Equitable Development - Policies for Pro-Poor Agricultural Growth"</i>	P079302	Forwarded to FY06
	<b>Additional Actual Deliveries</b>		
	Legal & Judicial Sector Assessment	P086453	Actual
<b>FY 05</b>			
	Financial Market Policy Note	P090819	Actual
	Water Resources Assistance Strategy	P083236	Actual
	Poverty Reduction in Cities - Urban Poverty and Social Impact Analysis (PSIA) - <i>"The Employment Creation Effects of the Addis Ababa Integrated Housing Programme"</i>	P099616	Postponed FY07
	Service Delivery in a Decentralization Framework - <i>"Decentralized Service Delivery Study -- Education and Health"</i>	P084924	Postponed FY07
	Institutional and Governance Review (IGR): <i>"State Transformation"</i>	P073925	Postponed FY06
	Joint Budget and Aid Review (JBAR)	P080825	Actual
	MDG Costing - Improving Understanding of MDGs	P088686	Actual
	Investment Climate Assessment (ICA) Update	P092926	Postponed to FY07
	M & E support (grant)	P091084	Actual
	Soil Fertility and Poverty - <i>"Soil Degradation Study"</i>	P091275	Postponed to FY07
	<b>Additional Actual Deliveries</b>		
	Analysis of Community Response to HIV	P090724	Actual
	Urban Housing Study	P091089	Actual
	CAS Progress Report	P088628	Actual
	Empowerment Policy Dialogue	P082153	Actual
<b>FY 06</b>			
	Urban Strategy - Urbanization Study - <i>"The Challenge of Urbanization in Ethiopia Implications for Growth and Poverty Alleviation"</i>	P091100	Postponed to FY07
	Financial Note (FSAP)	P091757	Actual
	Agricultural and Rural Public Expenditure Review (PER)	P090210	Postponed to FY07
	Labor Market Study	P090209	Actual
	Joint Budget and Aid Review (JBAR)	P098323	Actual
	Population	P090212	Actual
	Rural Risk Management (Weather Insurance)	P091889	Postponed to FY07
	Value Chain Analysis	P068269	Actual
	Tourism	P096681	Actual
	Health Financing Note -- <i>"Reaching or Escaping the Challenge : Financing the Health MDGs in Ethiopia"</i>	P096521	Postponed to FY08
	Nutrition -- <i>"Malnutrition in Ethiopia: Current Interventions, Successes, Cost-Benefit Analysis and the Way Forward"</i>	P096362	Postponed to FY07
	Country Economic Memorandum (CEM) - <i>"Growth and Governance"</i>	P098326	Forwarded to FY07
	Debt Sustainability Analysis	P098402	Actual
	<b>Additional Actual Deliveries</b>		
	PSIA Higher Oil Prices	P098381	Actual
	Advisory Note of the Ad-Hoc Governance Mission	NA	Actual
	Telecom Fiscal Analysis	NA	Actual
	Joint Staff Assessment Note (2nd APR)	P096351	Actual
	Investment Climate Assessment (ICA) Update	NA	Postponed to FY08
<b>FY 07</b>			

Soil Degradation Study	P091275	Actual
Joint Budget and Aid Review (JBAR)	P101236	Forwarded to FY08
Growth Corridors -- " <i>Growth Corridors to Support Geographically Differentiated Growth Potential</i> "	P097323	Forwarded to FY08
Urban Poverty and Social Impact Analysis (PSIA) -- " <i>The Employment Creation Effects of the Addis Ababa Integrated Housing Programme</i> "	P099616	Actual
Rural Investment Climate and Markets	P100467	Forwarded to FY08
Poverty Update	P098403	Forwarded to FY08
Banking Sector Corporate Governance Review	P091434	Actual
<hr/>		
<b>Additional Actual Deliveries</b>		
Food Price Inflation	P105653	Actual
Enhancing Human Development Outcomes through Decentralized Service Delivery	P084924	Actual

1/ CAS 2005: Funded by other, non CU Bank units

**Sources:** Annexes of Ethiopia CAS 2003, CAS Progress Report 05, ICAS06, WB Business Warehouse, IRIS, and Integrated Controller's Systems, as of December 11, 2007

**Annex Table 3A: Project Rating for Ethiopia, FY03-07**

Project Name	Approval FY	Exit FY	IEG Outcome	IEG Sustainability*	IEG ID Impact*
ER ROAD REHABILITATION	1993	2003	SATISFACTORY	LIKELY	SUBSTANTIAL
SEED SYSTEM DEVELOPMENT PROJECT	1995	2003	MODERATELY UNSATISFACTORY	LIKELY	MODEST
ET-Water Supply Dev & Rehab (BD FY96)	1996	2003	MODERATELY SATISFACTORY	LIKELY	SUBSTANTIAL
Ethiopia Structural Adjustment Credit	2002	2003	MODERATELY SATISFACTORY	LIKELY	MODEST
ET-Educ Sec Dev SIM (FY98)	1998	2004	MODERATELY SATISFACTORY	UNLIKELY	MODEST
ET-PRSC 1 (FY04)	2004	2004	MODERATELY SATISFACTORY	#	#
ET-Road Sec. Dev. Program Support Proj.	1998	2005	SATISFACTORY	HIGHLY LIKELY	SUBSTANTIAL
ET-Soc Rehab & Dev Fund (FY96)	1996	2005	MODERATELY SATISFACTORY	UNLIKELY	MODEST
ET-PRSC 2 DPL (FY05)	2005	2005	MODERATELY UNSATISFACTORY	#	#
ET-Energy 2 (FY98)	1998	2006	MODERATELY SATISFACTORY	UNLIKELY	SUBSTANTIAL
ET-Health Sec Dev (FY99)	1999	2006	MODERATELY UNSATISFACTORY	#	#
ET-Women Dev Initiatives LIL (FY01)	2001	2006	MODERATELY SATISFACTORY	#	#
ET-Global Distance Learning (FY01)	2001	2006	MODERATELY UNSATISFACTORY	#	#
ET-Emerg Recov & Rehab ERL (FY01)	2001	2007	SATISFACTORY	#	#
ET-MAP (FY01)	2001	2007	MODERATELY UNSATISFACTORY	#	#
ET-Emerg Drought Recovery ERL (FY03)	2003	2007	MODERATELY SATISFACTORY	#	#
ET-Productive Safety Nets I (FY05)	2005	2007	SATISFACTORY	#	#

1/ Not rated because project was not effective

\*Results based on evaluations between FY05-06. With IEG's new methodology for evaluating projects, institutional development impact and Sustainability are no longer rated separately.



Annex Table 3B: IEG Project Rating for Ethiopia and Comparators FY 03-07

Region	Total Evaluated (\$M)	Total Evaluated (No)	Outcome % Sat (\$)	Outcome % Sat (No)	Inst Dev Impact % Subst (\$)*	Inst Dev Impact % Subst (No)*	Sustainability % Likely (\$)*	Sustainability % Likely (No)*
Ethiopia	1,780.7	17	82.4	70.6	64	50.0	58.3	62.5
Cambodia	236.4	11	89.5	72.7	52	44.4	79.0	50.0
Mali	401.6	13	70.0	69.2	29	30.0	69.6	66.7
Yemen	409.9	13	78.6	61.5	49	33.3	85.8	70.0
Africa	13,144.2	301	74.5	68.5	51	47.8	76.6	67.1
<b>Bankwide Average</b>	<b>83,663.8</b>	<b>1,281</b>	<b>83.1</b>	<b>78.3</b>	<b>59</b>	<b>54.6</b>	<b>83.5</b>	<b>79.1</b>

\*Results based on evaluations between FY05-06. With IEG's new methodology for evaluating projects, institutional development impact and Sustainability are no longer rated separately.

Source: WB Business Warehouse tables 4a.5 and 4a.6 as of February 13, 2007

**Annex Table 4: Portfolio Status Indicators by FY03-07**

Country	2003	2004	2005	2006	2007
<b><u>Ethiopia</u></b>					
# Proj	19	20	22	22	21
Net Comm Amt	1,845	1,941	1,614	2,011	1,990
# Proj At Risk	1	3	3	3	2
% At Risk	5.3	15.0	13.6	13.6	9.5
Comm At Risk	5	33	218	69	115
% Commit at Risk	0.3	1.7	13.5	3.4	5.8
<b><u>Cambodia</u></b>					
# Proj	16	14	13	12	11
Net Comm Amt	337	315	271	256	229
# Proj At Risk	4	3	2	3	5
% At Risk	25.0	21.4	15.4	25.0	45.5
Comm At Risk	80	22	27	63	80
% Commit at Risk	23.8	7.1	9.8	24.4	34.8
<b><u>Mali</u></b>					
# Proj	10	11	10	12	13
Net Comm Amt	518	522	432	538	658
# Proj At Risk	1	3	4	2	0
% At Risk	10.0	27.3	40.0	16.7	0.0
Comm At Risk	21	164	112	43	0
% Commit at Risk	4.1	31.3	26.0	7.9	0.0
<b><u>Yemen</u></b>					
# Proj	18	19	17	18	19
Net Comm Amt	676	784	687	748	712
# Proj At Risk	2	4	1	1	2
% At Risk	11.1	21.1	5.9	5.6	10.5
Comm At Risk	51	99	28	21	155
% Commit at Risk	8	13	4	3	22
<b><u>Africa</u></b>					
# Proj	343	334	334	351	364
Net Comm Amt	15,793	16,388	16,365	18,310	20,738
# Proj At Risk	65	76	97	77	77
% At Risk	19.0	22.8	29.0	21.9	21.2
Comm At Risk	2,937	3,174	4,301	3,241	3,882
% Commit at Risk	19	19	26	18	19
<b><u>Bankwide</u></b>					
# Proj	1,395	1,346	1,332	1,345	1,347
Net Comm Amt	94,772	92,554	93,212	92,889	97,791
# Proj At Risk	218	228	224	188	224
% At Risk	16	17	17	14	17
Comm At Risk	14,141	14,742	12,553	10,850	15,176
% Commit at Risk	15	16	13	12	16

Source: WB Business Warehouse tables 3a.4 as of February 6, 2008

**Annex Table 5: IBRD/IDA Net Disbursements and Charges Summary Report for Ethiopia (US \$ millions)**

<b>Fiscal Year</b>	<b>Disb. Amt.</b>	<b>Repay Amt.</b>	<b>Net Amt.</b>	<b>Charges</b>	<b>Fees</b>	<b>Net Transfer</b>
<b>2003</b>	362.1	28.5	333.6	19.4	0.0	314.2
<b>2004</b>	422.0	37.5	384.5	23.1	1.8	359.6
<b>2005</b>	373.3	41.4	331.9	25.3	2.7	303.8
<b>2006</b>	301.2	45.1	256.1	25.0	2.7	228.4
<b>2007</b>	356.5	0.1	356.4	3.9	1.7	350.8
<b>Total (FY 03-07)</b>	<b>1,815.2</b>	<b>152.6</b>	<b>1,662.5</b>	<b>96.8</b>	<b>8.9</b>	<b>1,556.9</b>

Source: WB Client Connections, Net Disbursements and Charges Report of December 10, 2007

**Annex Table 6: Total Net Disbursements of Official Development Assistance and Official Aid 2000-2006 (US \$ Million)**  
Calendar Years

Donors	2000	2001	2002	2003	2004	2005	2006	Total
Arab Countries	2.6	11.3	5.2	1.1	-0.2	-0.7	-2.0	23.1
Australia	1.92	1.6	1.5	3.1	1.9	1.9	1.3	17.8
Austria	3.76	7.0	4.3	7.6	4.3	7.6	17.6	60.2
Belgium	8.9	13.4	1.6	8.0	9.4	5.3	6.6	64.0
Canada	10.94	12.4	6.9	38.0	59.5	64.9	62.5	280.8
Czech Republic	0.02	0.0	0.2	0.4	0.7	0.8	0.6	2.8
Denmark	2.56	2.8	2.7	3.0	2.6	4.1	5.7	30.6
Finland	5.66	5.1	4.6	9.2	9.1	11.1	13.2	70.7
France	9.41	6.6	10.2	15.6	26.3	15.9	17.4	122.3
Germany	38.63	25.9	40.6	47.6	126.1	49.9	56.8	486.4
Greece	1.19	0.6	0.2	0.4	1.6	1.5	1.2	7.0
Hungary					0.1			0.1
Ireland	21.63	21.1	25.3	33.4	42.4	44.1	50.6	272.0
Italy	25.97	13.6	49.2	47.6	11.2	86.9	105.4	404.8
Japan	34.03	52.4	50.5	56.5	33.3	34.2	57.9	385.3
Korea	0.49	0.5	0.8	1.1	2.1	2.4	2.3	10.8
Luxembourg	0.2	0.5	0.7	0.5	0.4	0.2	1.7	4.9
Netherlands	25.72	44.2	34.8	57.2	57.5	58.7	49.8	395.9
New Zealand	0.27	0.2	0.8	1.3	0.8	1.2	0.2	5.0
Norway	23.57	16.3	28.5	37.2	34.0	38.1	41.8	270.0
Other Bilateral Donors	11.91	16.0	27.6	29.9	25.5	24.1	23.3	179.0
Poland	0.05	0.1	0.0	0.0	8.7	0.0	0.1	9.1
Portugal			2.2	0.8	0.0	0.1	0.1	3.2
Slovak Republic			0.0	0.0	0.0			0.1
Spain	-0.35	-1.1	1.2	1.8	0.8	4.5	9.7	17.6
Sweden	20.72	20.6	21.3	28.6	50.8	68.4	41.5	301.8
Switzerland	3.59	2.3	2.1	5.3	3.2	2.7	2.8	29.4
Thailand							0.0	0.0
Turkey	0.04	0.0	0.0	0.0	0.2	2.5	0.9	3.7
United Kingdom	11.35	27.6	43.7	62.9	147.1	75.5	164.6	557.8
United States	129.82	94.4	156.4	567.8	402.3	608.6	315.8	2405.7
<b>Total Bilateral Donors</b>	<b>394.6</b>	<b>394.9</b>	<b>523.1</b>	<b>1065.9</b>	<b>1061.7</b>	<b>1214.1</b>	<b>1049.2</b>	<b>6421.7</b>
AfDF (African Dev.Fund)	22.2	29.0	78.2	10.9	63.9	118.5	138.0	519.8
Arab Agencies	1.95	8.6	2.1	-0.7	4.8	9.7	8.8	35.4
EC	68.99	100.0	116.6	149.1	112.7	163.5	194.4	1103.0
GEF	0.09		0.0	0.0	0.2	0.1	0.2	0.7
Global Fund (GFATM)				45.7		77.9	130.6	254.3
IDA	115.55	434.4	464.3	246.6	476.3	247.3	331.6	2508.7
IFAD	3.14	3.9	5.1	8.7	8.0	12.7	16.3	58.1
Nordic Dev. Fund	0.66	4.8	2.7	3.6	2.2	7.4	2.6	23.9
SAF+ESAF+PRGF(IMF)	-13.03	40.3	27.7	0.6	18.0	-8.7		71.4
UNDP	18.84	17.0	13.3	10.7	11.0	12.1	17.2	123.6
UNFPA	2.96	3.3	3.8	4.5	5.3	4.2	4.1	30.8
UNHCR	16.3	18.4	19.2	14.4	8.8	8.2	8.9	128.7
UNICEF	13.45	19.4	14.0	14.6	18.6	24.1	25.8	157.1
UNTA	4.44	2.3	3.8	4.3	4.5	4.8	3.2	31.8
WFP	36.02	27.3	23.5	15.2	9.8	14.1	16.0	178.0
<b>Multilateral, Total</b>	<b>291.6</b>	<b>708.7</b>	<b>774.3</b>	<b>528.1</b>	<b>744.0</b>	<b>695.8</b>	<b>897.6</b>	<b>5225.2</b>
<b>ALL Donors, Total</b>	<b>686.1</b>	<b>1103.7</b>	<b>1297.4</b>	<b>1594.0</b>	<b>1805.7</b>	<b>1910.0</b>	<b>1946.8</b>	<b>11646.9</b>
<i>DAC Countries, Total</i>	<i>379.5</i>	<i>367.1</i>	<i>489.2</i>	<i>1033.3</i>	<i>1024.7</i>	<i>1185.1</i>	<i>1024.1</i>	<i>6193.2</i>
<i>DAC EU Members, Total</i>	<i>175.4</i>	<i>187.6</i>	<i>242.5</i>	<i>324.1</i>	<i>489.7</i>	<i>433.6</i>	<i>541.9</i>	<i>2799.2</i>
<i>Non-DAC Bilateral Donors, Total</i>	<i>15.1</i>	<i>27.9</i>	<i>33.9</i>	<i>32.5</i>	<i>37.0</i>	<i>29.1</i>	<i>25.1</i>	<i>228.6</i>
<i>G7, Total</i>	<i>260.2</i>	<i>232.9</i>	<i>357.5</i>	<i>836.0</i>	<i>805.8</i>	<i>935.8</i>	<i>780.2</i>	<i>4643.1</i>

Source: OECD DAC Online database, Table 2a. Destination of Official Development Assistance and Official Aid - Disbursements as of February 20, 2008

Annex Table 7: Economic and Social Indicators

Series Name	Ethiopia								Ethiopia	Cambodia	Mali	Sudan	Yemen	Low Income Countries	
	2000	2001	2002	2003	2004	2005	2006	2007*							Average 2000 - 2007
<b>Growth</b>															
GDP growth (annual %)	5.4	7.4	1.0	-3.3	11.9	10.5	9.4	8.5	6.4	8.3	5.8	6.8	5.2	5.8	5.8
GNI per capita, Atlas method (current US\$) <sup>1/</sup>	..	130	120	110	130	160	180	..	138.3	328	272	406	453	429	429
GNI per capita, PPP (current international \$) <sup>1/</sup>	..	870	880	850	970	1,080	1,190	..	973.3	1,838	820	1,457	765.8	1,900	1,900
GDP per capita growth (annual %) <sup>1/</sup>	3.4	5.3	-0.9	-5.5	11.0	8.2	6.8	..	4.0	6.0	2.8	4.6	1.8	3.8	3.8
Agriculture, value added (% of GDP) <sup>1/</sup>	..	45.7	41.9	41.2	43.4	47.0	48.1	..	44.6	40.2	41.8	40.8	15.3	26.0	26.0
Industry, value added (% of GDP) <sup>1/</sup>	..	13.5	14.7	14.5	14.3	13.2	12.6	..	13.8	21.6	21.4	21.3	40.0	26.7	26.7
Services, etc., value added (% of GDP) <sup>1/</sup>	..	40.8	43.3	44.3	42.3	39.8	39.3	..	41.6	38.2	36.8	38.0	44.8	47.3	47.3
<b>Macroeconomic Indicators</b>															
Gross capital formation, private (% of GDP)	..	..	11.7	12.2	12.4	11.4	11.4	..	11.8	..	..	..	..	..	..
Gross domestic savings (% of GDP)	..	..	6.3	3.6	5.4	2.6	5.2	8.1	5.2	..	..	..	..	..	..
Inflation, consumer prices (annual %)	..	-7.2	15.1	8.6	6.8	12.3	17.0	12.6	9.3	..	..	..	..	..	..
Real effective exchange rate index (2000 = 100)	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Official exchange rate (LCU per US\$, period average)	..	8.46	8.54	8.58	8.62	8.65	8.68	..	8.6	..	..	..	..	..	..
Gross national expenditure (% of GDP)	..	112.1	116.1	118.0	115.9	117.9	114.6	..	115.8	..	..	..	..	..	..
<b>External Balance</b>															
Exports of goods f.o.b. (% of GDP)	..	..	6.1	6.0	6.3	7.4	7.5	6.9	6.7	..	..	..	..	..	..
Imports of goods, cif (% of GDP)	..	..	22.8	23.1	27.3	31.9	34.5	31.5	28.5	..	..	..	..	..	..
Current account balance (% of GDP)	..	..	-9.4	-8.8	-10.2	-13.4	-16.9	-13.1	-12.0	..	..	..	..	..	..
External debt, stock (% of GDP)	..	..	83.7	83.9	77.7	52.9	44.9	..	68.6	..	..	..	..	..	..
Total debt service (% of exports and non factor services)	..	..	9.3	7.8	6.7	5.8	5.1	..	6.9	..	..	..	..	..	..
Gross domestic savings (% of GDP)	..	..	6.3	3.6	5.4	2.6	5.2	8.1	5.2	..	..	..	..	..	..
Gross fixed capital formation (% of GDP)	..	19.5	22.4	21.6	21.4	20.5	19.8	..	20.9	..	..	..	..	..	..
<b>Fiscal Accounts (% of GDP)</b>															
1. Total Revenue and grants	..	..	20.2	22.8	21.9	20.5	21.0	23.3	21.6	..	..	..	..	..	..
Of which: grants	..	..	3.8	6.6	4.9	4.6	4.1	6.0	5.0	..	..	..	..	..	..
2- Total Expenditure	..	..	27.8	29.8	25.1	25.2	25.4	27.6	26.8	..	..	..	..	..	..
Of which: capital expenditure	..	..	9.7	9.2	10.5	11.5	12.2	14.9	11.3	..	..	..	..	..	..
3. Overall Balance	..	..	-7.6	-7.0	-3.2	-4.7	-4.4	-4.3	-5.2	..	..	..	..	..	..
<b>Social Indicators</b>															
<b>Health <sup>2/</sup></b>															
Public Health Exp. (US\$ per capita)	5.6	..	..	..	..	7.1	..	..	6.4	..	..	..	..	..	..
PHC Service Coverage (%)	45.0	..	..	..	..	70.0	..	..	57.5	..	..	..	..	..	..
Contraceptive Prevalence Rate (%)	8.1	..	..	..	..	14.7	..	..	11.4	..	..	..	..	..	..
Total Fertility Rate	5.9	..	..	..	..	5.4	..	..	5.7	..	..	..	..	..	..
Maternal Mortality (/100,000)	871.0	..	..	..	..	673.0	..	..	772.0	..	..	..	..	..	..

Infant Mortality (/1000 births)	97.0	..	..	..	77.0	..	..	87.0	..	..	..	..
Under-five Mortality (per 1000 )	167.0	..	..	..	123.0	..	..	145.0	..	..	..	..
Underweight Children (%)	47.0	..	..	..	38.0	..	..	42.5	..	..	..	..
DPT3 Immunization Coverage (%)	21.0	..	..	..	32.0	..	..	26.5	..	..	..	..
Measles Immunization Coverage (%)	27.0	..	..	..	35.0	..	..	31.0	..	..	..	..
Life Expectancy	..	..	54	..	48.0	..	..	51.0	..	..	..	..
<b>Education <sup>3/</sup></b>												
Education Share of Total Public Exp (%)	10.0	14.0	15.0	17.0	20.0	..	..	16.2	..	..	..	..
Primary's Share of Education Budget (%)	61.0	63.0	66.0	56.0	65.0	..	..	62.0	..	..	..	..
Primary Gross Enrollment Rate, Grades 1-8 (%)	51.0	57.0	62.0	64.0	68.0	..	..	63.5	..	..	..	..
Secondary Gross Enrollment Rate, Grades 9-10 (%)	..	13.0	17.0	19.0	22.0	..	..	19.6	..	..	..	..
Pupil/Teacher Ratio, Grades 1-8	64.0	64.0	63.0	64.0	65.0	..	..	64.3	..	..	..	..
Certified Teachers, Grades 1-4 (%)	90.0	97.0	96.0	97.0	..	..	..	95.8	..	..	..	..
Student/Textbook Ratio	..	..	0.1	..	..	..	..	0.1	..	..	..	..
Grade 1 Drop Out Rate (%)	30.0	28.0	..	29.0	..	..	..	27.5	..	..	..	..
Primary Drop Out Rate (%)	19.0	18.0	17.0	19.0	14.0	..	..	16.5	..	..	..	..
Primary completion rate, total (% of relevant age group)	37.0	42	47.0	50.0	51.0	58.0	..	48.6	..	..	..	..
Gender Gap GER Primary	..	20.0	21.0	21.0	18.0	..	..	19.4	..	..	..	..
Gender Gap GER Secondary	..	2.0	..	5.0	6.0	..	..	5.0	..	..	..	..
Primary GER in Most Underserved Areas	9.0	11.0	..	15.0	..	..	..	13.0	..	..	..	..
Share of Female Primary Teachers	28.0	30.0	31.0	31.0	..	..	..	31.2	..	..	..	..
<b>Population <sup>4/</sup></b>												
Population, total ( in million)	..	64.3	65.8	67.2	68.6	71.3	..	67.9	12.9	11.9	33.2	18.3
Population growth (annual %)	..	2.3	2.2	2.1	1.9	2.0	..	2.0	2.2	2.9	2.1	3.3
Urban population (% of total)	..	15.1	15.3	15.6	15.8	16.0	..	15.7	17.2	28.2	36.5	25.6
Literacy rate, adult total (% of people ages 15 and above)	..	..	..	..	35.9	..	..	35.9	70.5	21.5	60.9	54.1
												60.8

Sources: IMF 2007 Article IV Consultation, Government Sources, WB DDP Database as of December 10, 2007

\* Projections

1/ WB DDP Database, Calendar Year

2/ DHS 2000/2005, PASDEP, Year ending in July 7

3/ ESDP Documents, FMOE Statistical Annual Abstracts and WB DDP, Year ending in July 7 with the exception of completion rates

4/ WB DDP Database, Calendar Year

**Annex 8 - Ethiopia Millennium Development Goals**

	1990	1994	1997	2000	2003	2005
<b>Goal 1: Eradicate extreme poverty and hunger</b>						
Income share held by lowest 20%	..	..	..	9	..	..
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	47	..	38
Poverty gap at \$1 a day (PPP) (%)	..	..	..	5	..	..
Poverty headcount ratio at \$1 a day (PPP) (% of population)	..	..	..	23	..	..
Poverty headcount ratio at national poverty line (% of population)	..	..	46	44	..	..
Prevalence of undernourishment (% of population)	..	..	..	..	46	46
<b>Goal 2: Achieve universal primary education</b>						
Literacy rate, youth total (% of people ages 15-24)	43	..	..	..	..	..
Persistence to grade 5, total (% of cohort)	..	..	..	..	..	..
Primary completion rate, total (% of relevant age group)	25.5	15.6	23.9	36.7	49.6	55.0
School enrollment, primary (% net)	..	..	..	36	42	61
<b>Goal 3: Promote gender equality and empower women</b>						
Proportion of seats held by women in national parliament (%)	..	..	2.0	2.0	8.0	21.2
Ratio of girls to boys in primary and secondary education (%)	..	..	..	64.6	68.6	76.1
Ratio of young literate females to males (% ages 15-24)	66.1	..	..	..	..	..
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	41	41	41	41	41	41
<b>Goal 4: Reduce child mortality</b>						
Immunization, measles (% of children ages 12-23 months)	38.0	54.0	51.0	52.0	55.0	59.0
Mortality rate, infant (per 1,000 live births)	122	..	..	92	..	80
Mortality rate, under-5 (per 1,000)	204	..	..	151	..	127
<b>Goal 5: Improve maternal health</b>						
Births attended by skilled health staff (% of total)	..	..	..	5.6	..	5.7
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	850.0	..	..
<b>Goal 6: Combat HIV/AIDS, malaria, and other diseases</b>						
Contraceptive prevalence (% of women ages 15-49)	4	..	..	8	..	15
Incidence of tuberculosis (per 100,000 people)	128.4	205.3	260.0	307.4	344.4	343.9
Prevalence of HIV, female (% ages 15-24)	..	..	..	..	..	..
Prevalence of HIV, total (% of population ages 15-49)	..	..	..	..	..	1
Tuberculosis cases detected under DOTS (%)	..	..	21.9	32.8	35.3	32.7
<b>Goal 7: Ensure environmental sustainability</b>						
CO2 emissions (metric tons per capita)	0.1	0.1	0.1	0.1	0.1	..
Forest area (% of land area)	14	..	..	14	..	13
GDP per unit of energy use (constant 2000 PPP \$ per kg of oil equivalent)	3	2	3	3	3	3
Improved sanitation facilities (% of population with access)	3	..	..	..	..	13
Improved water source (% of population with access)	23	..	..	..	..	22
Nationally protected areas (% of total land area)	..	..	..	..	..	18.6
<b>Goal 8: Develop a global partnership for development</b>						
Aid per capita (current US\$)	19.7	19.4	9.7	10.7	23.2	27.2
Debt service (PPG and IMF only, % of exports of G&S, excl. workers' remittances)	38	15	10	15	7	6
Fixed line and mobile phone subscribers (per 1,000 people)	2.5	2.5	2.6	3.9	7.8	14.3
Internet users (per 1,000 people)	0.0	..	0.1	0.2	1.1	2.3
Personal computers (per 1,000 people)	..	..	..	0.9	2.2	3.2
Total debt service (% of exports of goods, services and income)	39	16	10	13	7	4
Unemployment, youth female (% of female labor force ages 15-24)	..	..	..	..	..	11.2
Unemployment, youth male (% of male labor force ages 15-24)	..	..	..	..	..	4.1
Unemployment, youth total (% of total labor force ages 15-24)	..	..	..	..	..	7.7
<b>Other</b>						
Fertility rate, total (births per woman)	6.9	..	5.9	5.7	5.5	5.3
GNI per capita, Atlas method (current US\$)	240.0	170.0	150.0	130.0	110.0	160.0
GNI, Atlas method (current US\$) (billions)	12.1	9.6	8.7	8.1	7.6	11.1
Gross capital formation (% of GDP)	12.9	16.4	19.4	20.5	22.7	26.3
Life expectancy at birth, total (years)	45.0	..	43.3	42.3	42.3	42.7
Literacy rate, adult total (% of people ages 15 and above)	28.6	..	..	..	..	..
Population, total (millions)	51.2	54.9	59.8	64.3	68.6	71.3
Trade (% of GDP)	14.4	21.2	30.5	37.5	43.9	55.5

Source: World Development Indicators database, April 2006