











COMMON COUNTRY ANALYSIS


CONDUCTED IN OCT. 2019

UPDATED IN JUN. 2020

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I. EXECUTIVE SUMMARY

The **Common Country Analysis (CCA)** was conducted by the **United Nations Country Team (UNCT)** in **Ethiopia** to provide the essential evidence-base from which the United Nations Sustainable Development Cooperation Framework (UNSDCF) will be developed, for the period 2020-2025. This will support the Government of Ethiopia in its implementation of the 2030 Agenda for Sustainable Development, to help achieving the country's Sustainable Development Goals (SDGs), taking into consideration the other commitments, goals and targets that the country has committed to achieve.

The CCA assesses the development landscape of the country pointing to key issues and priorities that will inform the programmatic response under the next UNSDCF. It also analyses the **key development challenges** facing the country and focuses especially on those who are at risk of being left behind on Ethiopia's current development trajectory. It explores why some groups in Ethiopian society appear to be systematically more disadvantaged than others in accessing Ethiopia's development progress.

There need to be an **integrated view of development, humanitarian and peacebuilding, and human rights** issues in Ethiopia. For this, some *key conditions* must be considered: poverty and inequality, basic services, health, nutrition, education, water and sanitation, agriculture and food security, land degradation, environment, climate change and natural resources, migration and displacement, and last but not least, gender equality and gender discrimination. *Critical trends and dynamics* analyzed in the CCA include demographic trends, rapid population growth, urbanisation, macroeconomic performance, financial landscape, employment, governance transformations, political context, human rights, conflict dynamics and impacts, regional and transboundary issues, regional integration, and shared natural resources. Having an integrated view also requires an attention to *marginalization, exclusion, and vulnerabilities* in the Ethiopian context. This means identifying vulnerable groups, where they are, and their vulnerability to climate change and gender-based violence.

The **analysis of key macro and sectoral issues in Ethiopia** focuses first on selected key big picture and macro issues, considering the slow economic transformation, the multidimensional poverty and inequality, the rapid population growth, conflict, insecurity and instability, governance shortfalls, negative climate change impacts, and neglected transboundary issues. This big picture is complemented by a sectoral analysis of social sectors, economic sectors, and cross-cutting issues, such as Gender equality and Gender Discrimination, and Violence against Women and Girls.

Ethiopia has been pursuing pro-poor policies and implementing development plans and programmes within global development frameworks, such as the Millennium Development Goals, and now the Sustainable Development Goals. The 2017 Voluntary National Review of progress against selected SDGs, showed a **modest progress towards the SDGs**, compared to performance across Africa. The UN SDG Needs Assessment undertaken in 2018 found that 110 key interventions were necessary to meet SDG targets in Ethiopia and stressed that financing was needed to deliver the SDGs by 2030, leaving no one behind, and reaching the furthest behind first.

Although humanitarian crises have endured for decades in Ethiopia, humanitarian aid has remained annualized and short-term although needs are often chronic. **Humanitarian interventions** could be reduced if they would consider a **longer-term development perspective within a humanitarian-development-peace nexus**. The government, humanitarian, development and peace actors should pursue a set of collective outcomes over a period of 3 to 5 years. This could be achieved with a New Way of Working (NWoW) that would provide an opportunity in addressing risks and improvements in service delivery, basic services, cost-efficiency, better preparedness, early response, better-quality programming, and the ability to address underlying causes of crises.

Understanding the **existing national policy, legal, institutional and financing frameworks** is essential for the United Nations. The macroeconomic reforms (Home-Grown Economic Reform Programme and 10-Year Perspective Plan)

are complemented by structural reforms in four sectors, where Ethiopia sees its comparative advantage – Agriculture, Manufacturing, Mining and Tourism. The government has also developed a 10-Year Development Plan to steer the country towards the lower Middle-Income Country status. These reforms provide opportunities for the UN to engage and collaborate with the government in several areas, including: (i) advocacy to address multidimensional poverty and inequality – not just income poverty – and to build economy-wide sustainability and resilience to all forms of shocks; (ii) demographic transition given Ethiopia's significant youth population, including the development of human capital; and (iii) support to institutional reforms and capacity building. The fact that Ethiopia is a signatory to a number of international and regional human rights covenants and conventions provides other opportunities for UN agencies to support the country follow-up to its commitments, including through the reporting to the Universal Periodic Review, and other treaty bodies. Finally, there are gaps in public service capacities that are vital to support the government transformation agenda, and to ensure progress towards the achievement of the SDGs. Ethiopia is among the highest recipients of Official Development Aid, however, there is a lack of flexibility of financing mechanisms. Meanwhile, the total cost to meet the SDG targets is estimated at US\$ 608 billion from 2016 to 2030.

Thanks to the **systems mapping** approach to the CCA, an analysis that presents a massive amount of data, a visual mapping shows how variables interact over time and form patterns of behaviours. It shows how the major effects/conditions experienced by people are linked to causes/factors contributing to these conditions, often classified in theories of change as immediate, underlying and structural. This leads to shared views emerging across work streams and shows how to intervene in the emerging system to influence its dynamics. A scenario analysis identifies possible future events and their outcomes, which may shape the country's development trajectory during the next UNSDCF. Three possible scenarios – optimistic, middle of the road, and pessimistic – have been identified, with potential coping strategies.

The **risks that may have a potential negative impact on Ethiopia's development** agenda include: an intensifying conflict both within the country and in the region; climate change, which is the major driver of vulnerability in the region,

particularly for poor communities and pastoralists whose livelihood depends on rain-fed agricultural systems; its associated effects, including unsafe migration, food security, displacement, and refugees; population growth, which compromises social and economic gains and places high pressure on smallholder farmland, leading to fast urbanization and unemployment; weak governance systems especially at the decentralized levels; limited economic transformation and competitiveness; external debt sustainability; trade imbalances; and lack of social and political peace.



II. INTRODUCTION

The United Nations Sustainable Development Cooperation Framework (UNSDCF) – or Cooperation Framework (CF) in short – will be developed for the period 2020 – 2025, in support of the Government of Ethiopia (GOE), within a new global development and development financing context. It will fall within the period of the 2030 Agenda for Sustainable Development, confirming its importance in supporting Ethiopia achieve her Sustainable Development Goals (SDGs). To that end, the United Nations Country Team (UNCT) in Ethiopia has embarked upon the development of a Common Country Analysis (CCA) for Ethiopia, providing the essential evidence-base from which the theory of change underpinning the CF will be developed.

Whenever the UNCT embarks upon developing a new programme cycle, the process begins with a CCA, assessing the development landscape of the country and identifying key issues and priorities that will inform the programmatic response under the next UNSDCF. This report lays out the development challenges at a granular level but does not offer solutions or prescriptions. Solutions in terms of policy and programmatic responses, and the means of implementation, are the prerogative of the UNSDCF.

This CCA provides partners a deeper knowledge of the key development challenges facing the country, based on a shared in-depth understanding of the country's development situation, taking into consideration the SDGs and other commitments, goals and targets that the country has committed to achieve. The report examines the state of development in Ethiopia and focuses especially on those who are at risk of being left behind on Ethiopia's current development trajectory. It explores why some groups in Ethiopian society appear to be systematically more disadvantaged than others in accessing Ethiopia's development progress. It also looks ahead at how some groups may be more vulnerable than others to the hazards the future may bring. Predicated on these findings, the CF will provide the basis for the strategic scope and nature of the collective UN system support to Ethiopia in delivering on national priorities and the implementation of the SDGs or the 2030 Agenda. The CF will encompass the UNCT's support to GOE

in the next five years at all levels of government in Ethiopia, emphasizing the SDG mantra of Leaving no one behind (LNOB) and reaching the furthest behind first.

This CCA is built on existing assessments as embodied in GOE's Home Grown Economic Reform Agenda, the Ten-Year Perspective Plan, and sectoral plans supported by the analysis from international human rights mechanisms, such as the Universal Periodic Review and other bodies. This CCA is also largely founded on eight situational analysis reports prepared by inter-agency groups within the UN in pursuit of UN coherence. These eight situational analysis reports are on:

1. Conflict analysis;
2. Leaving No One Behind;
3. Human Rights-Based Approach
4. Gender Equality
5. Economic Transformation and Financing Landscape;
6. Resilience;
7. Regional and Transboundary Analysis; and
8. Assessment of the implementation of the SDGs in Ethiopia.

This CCA has been developed in consultation with various stakeholders from GOE, civil society, and the private sector. While the initial draft of the CCA report was prepared by an independent consultant, a core UN team re-drafted the report.



III. COUNTRY OVERVIEW

III.1. GENERAL COUNTRY CONTEXT

Ethiopia is a landlocked country located in Eastern Africa in the region commonly known as the Horn of Africa. With a 2019 population estimated at approximately 98,665,000¹, of which 50 percent are women, Ethiopia is the second most populous country in Africa after *Nigeria*, making it the 14th most populous country in the world.² The country has a total land area of 1,104,300 km² and shares borders with six countries (See Figure 1), which make a total land boundary of 5,925 kms.³ Since 1995, the country has been divided into nine administrative regions – Afar, Amhara, Benishangul, Gambella, Harari, Oromia, Somali, Southern Peoples' State and Tigray – and two city administrations – Addis Ababa and Dire Dawa.

Ethiopia is comprised of diverse and distinct topographical zones, which can generally be classified into five distinctive topographic features – the *Western Highlands*, the Western Lowlands, the *Eastern Highlands*, the Eastern Lowlands, and the Rift Valley. The Western Highlands are the most extensive and rugged topographic component. Elevations range from 14,872 feet (4,533 meters) for *Mount Ras Dejen*, the highest point in Ethiopia, to the *Blue Nile* and *Tekeze river* channels, which are 10,000 feet (3,000 meters) below. Lake Tana – Ethiopia's largest inland lake and source of the Blue Nile River—is located in this region, at an elevation of about 6,000 feet (1,800 meters).

The Western Lowlands stretch North-South along the border with Sudan and South Sudan and include the lower valleys of the Blue Nile, Tekeze, and Baro rivers. With elevations of about 3,300 feet (1,000 meters), these lowlands do not have dense human settlements due to high temperatures.

The Rift Valley is part of the larger *East African Rift system*, comprising relatively flat areas in the northeast towards the Red Sea and Gulf of Aden. The area also has occasional volcanic cones, some of which are still active. High temperatures and lack

of moisture make the north-eastern Rift Valley unattractive for settlement and economic activities. The southwestern section, on the other hand, is a narrow depression of much higher elevation and contains Ethiopia's Lakes Region, an internal *drainage basin* of many small rivers that drain into Lakes Abaya, Abiyata, Awasa, Langano, Shala, Chamo, and Ziway. These lakes have a combined total of over 3,108 square km of water surface. The upper Rift Valley is therefore one of the most productive and most settled parts of Ethiopia.

The Eastern Highlands' two prominent features are the Ogaden and the Hawd. The Ogaden is an arid *region* that occupies the barren plain between the Somalia-Ethiopia border and the Ethiopian Eastern Highlands. The Hawd region consists of thorn-bush and grasslands, of which the northern and eastern tips are in Somalia, while the western and southern portions form part of the *Harari Region* of Ethiopia.

Development Overview

Ethiopia builds on an impressive track record of development progress, especially over the course of the past 25 years. The country's Human Development Index rose to 0.470 in 2018, an increase of 35.8 percent in less than a generation. Annual growth of real gross domestic product (GDP) averaged 9.5 percent during the period 2010 to 2018, one of the highest rates globally, leading to a six-fold increase in per capita income but without a dramatic increase in income inequality: the Gini coefficient rose from 0.28 to 0.33 between 2005 and 2016.⁴ The incidence of poverty declined from 38.7 percent in 2005 to 23.5 percent in 2016,⁵ equivalent to lifting 15 million people out of poverty. The multidimensional poverty index fell in absolute terms from 0.545 to 0.489 between 2011 and 2016, with deprivations receding across all 10 indicators and regions (except Somali). This evidence points to a **broad-based, wide-ranging and outstanding record of development progress, one of the most**

¹ CSA (2013). Population Projections for Ethiopia 2007-2037.

² UN.data.org. The most recent census in 2007, found an official population of 73.7 million.

³ Djibouti 342 km, Eritrea 1033 km, Kenya 867 km, Somalia 1640 km, South Sudan 1299 km, Sudan 744 km

⁴ Planning and Development Commission, *Poverty and Economic Growth in Ethiopia (1995/96 – 2015/16)*, 2019.

⁵ Ibid.

promising in sub-Saharan Africa in recent decades.

Looking ahead, Ethiopia is in the throes of multiple structural transitions, occurring simultaneously, that will shape the future of sustainable development in the country:

The first transition is *demographic*, with multiple facets: an **impending demographic transition**, with a potential demographic dividend;⁶ a youth bulge, with over 70 percent of the population below 30 years of age, that makes the task of human capital development, achieving higher labour productivity and job creation more challenging; and **accelerating urbanization**, starting from a low base, with a doubling of the urban population expected between 2013 and 2035, affecting both growth potential and sustainability. Urban services, however, are already failing to keep pace in terms of management, planning, infrastructure, housing and basic service provision. For example, Addis Ababa is the only city in Ethiopia with municipal sewerage but serving just 10 percent of the population. This implies a massive – and growing – backlog of planning, investment and service delivery for sustainable urbanization heading into the 2020s.

A second transition, already underway, is *political*, both systemic and transitory, reflecting a national response to legacy issues that have revealed significant stresses on matters of voice and participation, identity, justice and the rule of law, transparency and integrity, as well as the nature of the Federation, especially the appropriate balance between the centre and regions. Notable progress has been made towards the opening-up of political and civic spaces since early-2018, with the release of political prisoners, closing of the notorious Maekelawi prison, expansion of civil liberties including through adoption of a new Civil Society Organization Proclamation in March 2019, and reform of the Ethiopian Human Rights Commission (EHRC). While widely welcomed at home and abroad, this opening-up has also unleashed **significant and sometimes violent civil unrest**, leading to large-scale internal displacement amid polarized political contestation, growth in hate speech through social media, in particular, and an apparent lowering of trust and confidence, compounded by a law enforcement system is still transitioning to a new way of working. These developments are **eroding the social capital that**

is essential for achievement of the country's ambitious development goals, including the SDGs.

A third transition is *economic*, emerging primarily from the **State-led development model** pursued in the past which has yielded important gains in human development and infrastructure but also inhibited the emergence of a thriving private sector playing a lead role in job creation, productivity growth and diversification of the economic and export base. This is evident, among other things, in a 'missing middle' of thriving micro, small and medium-sized enterprises (MSMEs). **Private sector development is stymied** as well by a range of other factors: macroeconomic imbalances, originating in part from debt service obligations, which have limited access to vital foreign exchange; a small capital market and banking sector; low skill levels in the labour force; absence of an innovation ecosystem; and lack of access to energy, especially from clean and green sources.

To illustrate the challenges ahead, despite impressive economic growth and poverty reduction over the past two decades, Ethiopia, with a per capita income of \$985 in 2018/2019, still remains one of the poorest countries in the world. As much as 83.5 percent of the population experiences multidimensional poverty. Moreover, the rate of decrease of poverty in recent years has been slower in rural compared to urban areas and the gap between rural and urban poverty remains stubbornly large, with the poverty headcount ratio assessed at 25.6 percent and 14.8 percent in rural and urban areas, respectively. But all is not well in urban areas either, due to high levels of informality – evident in low productivity, increased risk of exploitation and low or no savings or assets – and elevated vulnerability to shocks.

The statistics described above point to **the larger challenge of those being left behind by the development process**. Again, while Ethiopia has followed policies, undertaken investments and pursued programmes that have been much more human development-centred than many peers in sub-Saharan Africa and among least developed countries (LDCs), a low starting base, structural factors and major shocks have resulted in significant exclusion and marginalization. As the sections below demonstrate in depth, women and girls face systemic barriers to their participation in society, the

⁶ Central Statistical Agency (CSA), *Population Projections of Ethiopia*, unpublished, 2013.

economy and politics, despite recent progress; a young and increasingly educated population must confront pervasive un- and under-employment, especially in burgeoning urban areas; persons living with disabilities and those living with HIV/AIDS must contend with discrimination and lack of access to adequate support services; a large group of internally displaced persons (IDPs) live with a high level of uncertainty and risk, in poor living conditions within host communities that are themselves multidimensionally poor; and populations inhabiting stressed natural environments across several of Ethiopia's regions, but especially in the lowlands, risk falling behind their counterparts in better endowed areas.

The overall outlook is that the **pressure on job creation, service provision and natural capital will rise sharply rather than diminish in the future**. Demographic projections indicate that approximately 3 million young Ethiopians are entering the labour force every year who are not being absorbed into formal employment. The magnitude and complexity of the task ahead becomes even more pronounced when seen together with the risks associated with climate change, an increasingly uncertain and in some respects adverse global and regional economic and political environment, and significant social tensions and unrest.

As can be expected given this context, another important manifestation of underlying and structural factors is **the large-scale and increasing frequency and impact of humanitarian crises from multiple sources, both natural and man-made**. To illustrate, Ethiopia has not fully recovered from the devastating effects of the 2015-2017 drought caused by the El Niño phenomenon: north and central Ethiopia experienced their worst drought in decades, affecting an estimated 10 million people, mainly in rural areas, resulting in a loss of livelihoods and decrease in livestock assets. Food insecurity remains a key challenge in Ethiopia, predominantly affecting pastoralist and agropastoralist households. In addition, from June 2019, a major desert locust infestation began to affect more than five regions. Civil unrest and violence add severely to the problem: an estimated 3 million people were displaced by intercommunal violence during 2017-2018; while this number has declined, it remains high at an estimated 1.7 million people in 2020. Reflecting these factors, even before

COVID-19 an estimated 10 million Ethiopians were expected to be dependent on social safety nets in 2020. The estimated numbers have skyrocketed since.

All the above point to **the considerable stress that complex, uncertain and dynamic conditions are placing on public policy, institutions and administrative systems** designed for more stable and predictable conditions with fewer risks and more straightforward development challenges. The difference, for example, is between conducting governance in a relatively centralized and 'closed' system compared to a plural, open and democratic society or directing development through State institutions in contrast to enabling and supporting the private sector to take a lead role. **Institutional capacity, therefore, runs the risk of becoming a binding constraint to sustainable development** in the absence of large-scale reform, strengthening of standards and systems, improvement of skills, acceptance of greater demands for transparency and public scrutiny and transformation of attitudes and behaviours in the public service.

The Impact of COVID-19

The challenges described above are being made much more difficult by the impact of COVID-19. The UNCT in Ethiopia has undertaken a *comprehensive assessment of the socio-economic impact of COVID-19 on Ethiopia*⁷. **Ethiopia faced the onset of the crisis with clear strengths** as described earlier: an excellent long-term track record of economic growth and development; an ambitious vision of economic transformation – captured in the HGER – that builds on the foundation of past successes but also recognizes the shortfalls that have emerged as a consequence, requiring a different economic approach in the future; and again as noted above, benefiting from a major opening-up of political and civic space and plans for holding the country's first democratic elections. In several respects, therefore, Ethiopia was better positioned to withstand and overcome the crisis than many others in sub-Saharan Africa.

⁷ The assessment can be accessed at: <https://ethiopia.un.org/en/49388-un-socio-economic-assessment-covid-19-ethiopia>

Ethiopia, however, also faced some major vulnerabilities as it was struck by the pandemic.

These included a difficult macroeconomic situation, evident in slowing but still high growth, the risk of debt distress, low levels of domestic resource mobilization, high inflation, high unemployment, low foreign exchange reserves and significant pressure on the exchange rate of the Birr; social unrest, as noted earlier, leading to the loss of lives and property and a large caseload of IDPs; other crises, albeit of relatively smaller magnitude but serious nevertheless, i.e., outbreaks of cholera, measles and yellow fever in addition to the major desert locust invasion affecting close to 1 million people; and

finally, a relatively weak health system, like many others in sub-Saharan Africa and in LDCs, that was not ready for a large-scale crisis, as its readiness to deliver routine health services was rated at 55 percent of requirements in 2018.

COVID-19 has substantially aggravated these vulnerabilities. The socioeconomic impacts being felt across Ethiopia are already wide-ranging and serious, with the potential to become severe, depending on the combination of the pandemic's trajectory, the effects of countervailing measures and underlying and structural factors. Box 1 below highlights some of the impacts projected in the UN's Socioeconomic Impact Assessment.⁸

BOX 1. Socioeconomic Impacts of COVID-19

- While Ethiopia is not projected to experience an economic contraction, unlike many emerging and frontier economies, it could see growth in real GDP drop in the worst case to only about 2.8 percent this year with a gradual recovery in 2021 to about 6 percent.
- Pressure on the exchange rate is likely to increase and food price inflation could rise to 40 percent or higher, depending on the severity of disruption to input and marketing systems as well as the impact of the desert locust invasion and floods.
- If global experience is any guide, then 30 percent or more of MSMEs in Ethiopia could be at risk of not surviving a prolonged crisis.
- Again, depending on the scenario, job losses could range anywhere from 700,000 to between 1.6 million and 2.4 million, or as high as 3.2 million to 4 million as the crisis goes into its fourth month and beyond.
- The pressure on safety nets, factoring in the humanitarian response plan, could rise to as high as 26 million or more people needing some form of assistance, or close to a quarter of the total population, which is a staggering figure.
- 26 million children, mostly in primary school, are not attending school, representing perhaps the biggest challenge to the Ethiopian education system in more than a generation.
- Ethiopia is also navigating COVID-19 amid a profound political transition with a state of emergency triggered by the pandemic, constitutional challenges that have just recently been addressed on the nature of governance after early October when the term of the current parliament ends and, as recent events have shown, continuing cases of civil and political unrest.
- Many Ethiopian migrants from the Gulf and wider Middle East are returning involuntarily, undoubtedly complicating the effort to deal with COVID-19 and deepening the adverse socioeconomic impacts of the pandemic.
- Finally, in terms of who will be impacted, women need to be singled out as among those likely to bear the brunt of the pandemic. It is noteworthy that women comprise 80 percent of the workforce of 1.5 million in hospitality and tourism. Women are also 80 percent of the workforce in industrial parks. To this list can be added front-line health system workers, many of them women. Furthermore, overwhelmed health services will likely hamper women's access to sexual and reproductive health while contacts with health services (antenatal care, delivery and postnatal care) carry with them heightened exposure to infection. It is also worth stressing that women and girls face greater risk of exposure to gender-based violence and intimate partner violence as a result of isolation and reduced access to vital services.

⁸ UN-Ethiopia, *Socio-Economic Impact of COVID-19 in Ethiopia*, May 2020.

III.2. NATIONAL VISION VIS-À-VIS THE 2030 AGENDA

National Strategies and Programmes

The Government of Ethiopia is committed to the implementation of the 2030 Agenda for Sustainable Development. This commitment has been embedded in the **Ten-Year Perspective Development Plan - Ethiopia 2030: The Pathways to Prosperity** which outlines Ethiopia's ambition to become a beacon of prosperity by the deadline of the SDGs. The Plan outlines five key people-centred objectives:

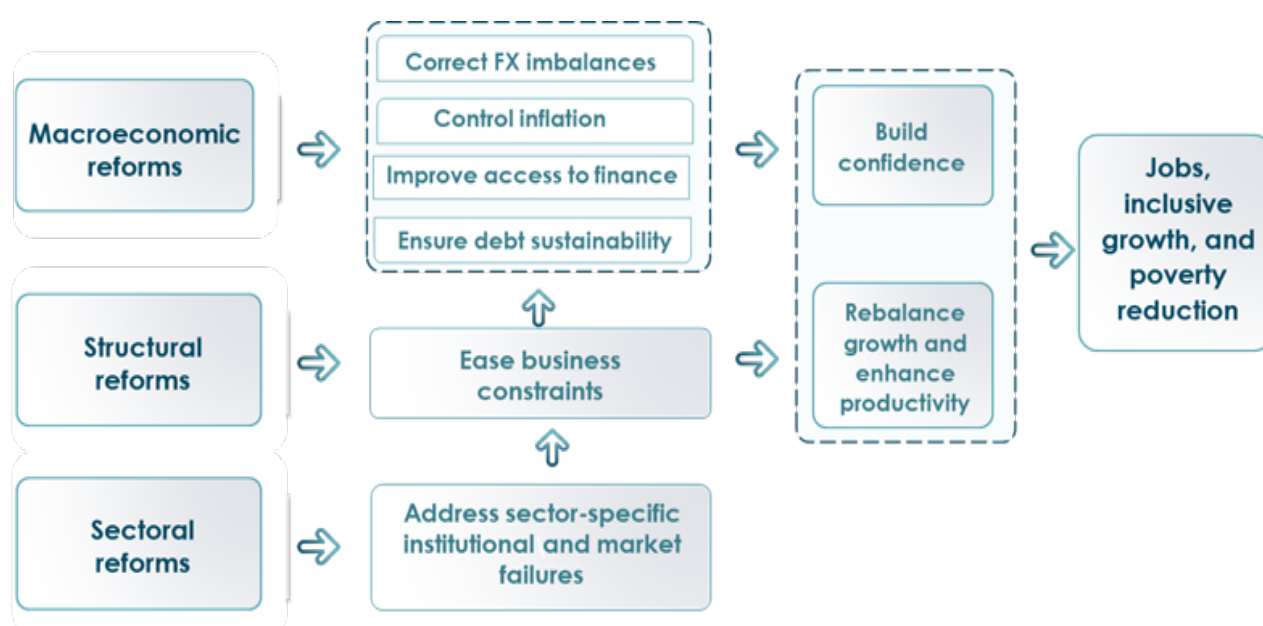
1. Physical, human and institutional capital for income generation and asset accumulation.
2. Equitable access to education, health and other services for improved utilization of potentials and asset creation.
3. Unconditional access to the basic necessities of life: food, shelter, clean water, basic health and education.
4. Economic, social and political participation without discrimination, including ethnic, religious, demographic and gender.
5. Overall affirmative system built on consensus.

These objectives are to be achieved by relying on six strategic pillars: (i) ensuring quality economic growth that is inclusive and leads to a reduction of poverty in all indicators; (ii) raising production and productivity; (iii) institutional transformation; (iv) ensuring the private sector's leadership in the economy; (v) ensuring equitable participation of women and children; and (vi) building a climate-resilient economy. Acknowledging the significant negative impact of COVID-19 on the development trajectory of the country, the Plan outlines strategic mitigation measures aimed at returning the economy to the high growth that it witnessed prior to the crisis.

The Government developed a **Home-Grown Economic Reform** program (HGER) agenda to establish the requisite economic environment necessary for the success of its 10-year plan. The home-grown reforms are aimed to address the macroeconomic imbalances that have resulted from past economic policies, including:

- Public debt at 61.8 % of GDP;
- High external debt burden (32.1 percent of GDP 2018);
- Current account deficit – 6 percent of GDP; and
- Rising inflation, averaging 15.5 per cent over the period 2005 – 2019.

FIGURE 1. Macroeconomic and Structural Reforms



The government's plan is to complement the macroeconomic reforms with structural reforms (see figure 1 below) to create an enabling environment for investment and sectoral reforms, specifically targeting four key sectors where Ethiopia sees its comparative advantage – Agriculture, Manufacturing, Mining and Tourism. With these reforms in place, the government expects that more jobs will be generated, inclusive growth will be achieved, and poverty will be lowered to a single digit.

The HGER will be the main instrument, together with an upcoming medium-term plan, for implementing the Ten-Year Perspective Development Plan. It calls for building a resilient and diversified middle-income economy, driven by the private sector; eradicating extreme poverty and hunger; building human capabilities; building a modern policy and institutional framework; and creating an efficient, resilient and well-functioning financial market.

The reforms however provide opportunities for the UN to engage and collaborate with the government in several areas, including:

- Advocacy to address multidimensional poverty and inequality, not just income poverty; and to build economy-wide sustainability and resilience to all forms of shocks;
- Opportunity to focus on the demographic transition given Ethiopia's significant youth population (estimated at 42 percent from 10 to 24 years old by the year 2020), including the development of human capital; and
- Support institutional reforms and capacity building.

A detailed overview of sectoral policy frameworks and investment plans, including justice, health, education, water and sanitation, civil society and the media sectors, is included in Annex I.

Financing Sustainable Development

Part of the explanation for Ethiopia's impressive development progress rests in a pattern of public spending that has generally been pro-human development and pro-Millennium Development Goals (MDGs) and SDGs. Achievements over the past two decades have been marked by a reorientation of expenditure from recurrent to capital; a significant devolution of resources from the Federal Government to regional states; and a clear

prioritization of infrastructure spending, while protecting spending on social services and social protection - 4 percent of GDP and about 20 percent of total expenditure on education, 1.4 percent of GDP and 8 percent of total expenditure on health, and around 3 percent of GDP on social protection. This suggests an aggregate spend on human capital and capabilities that is strong relative to peers in sub-Saharan Africa. In the federal budget for the fiscal year 2019/2020, education holds the highest spending allocation (13 percent, excluding allocations by regional and local governments) whereas roads constitute the second largest spending item (at 12 percent).

Projecting to the medium- to long-term, the preparation of the Ten-Year Perspective Development Plan was informed by an SDG Baseline and Needs Assessment Study (2018) supported by the United Nations. The Assessment concluded that the total financing need (pre-COVID-19) to deliver the SDGs in Ethiopia was \$608 billion over 15 years (2016 -2030). The Assessment also estimated that between 2020 and 2025, about \$8 billion would be needed from ODA per year to meet SDG financing needs which compares with current inflows of about \$4 billion per year, reflecting substantial increases over the recent past. In addition, the Assessment emphasizes the importance of domestic resource mobilization and increased inflows of non-ODA resources such as foreign direct investment, in line with the Addis Ababa Action Agenda. Ethiopia, however, has a very low tax-to-GDP ratio compared to its peers in the region, which has been on a downward trajectory in recent years and is standing currently at just 10 percent of GDP. The country has set an ambitious target of raising this to 19.1 percent of GDP by 2020 which now looks unattainable due to the COVID-19 crisis, among other considerations. Achieving and maintaining the set target would increase domestic resources by 110 per cent from 2018/2019 to about \$32 billion in 2030.

IV.

PROGRESS TOWARDS 2030 AGENDA AND SDGs IN
ETHIOPIA

This chapter provides an analysis on progress made towards the 2030 Agenda and the SDGs in Ethiopia structured around “4 Ps” that shape the SDGs: **People, Peace, Prosperity, and Planet** and outline key challenges and opportunities to be addressed in order to accelerate progress towards the 2030 Agenda.

IV.1. PEOPLE



IV.1.1. KEY CONDITIONS AND TRENDS

Demographic Trends

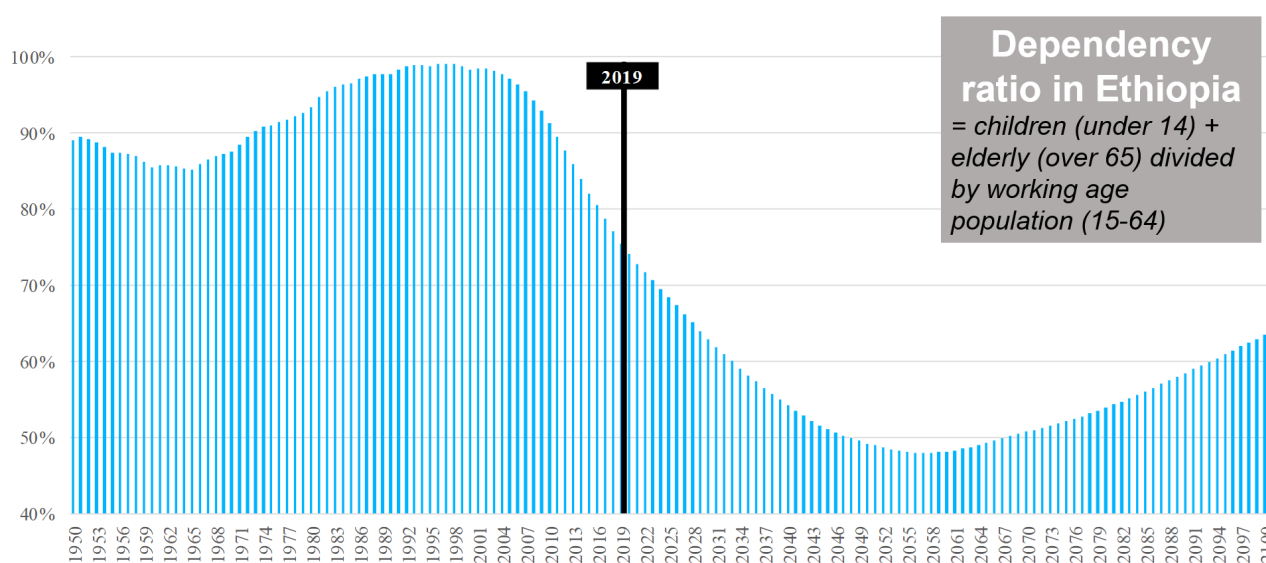
Ethiopia is at early stages of a demographic transition, characterized by falling death rates but relatively high birth rates, the net effect of which is rapid population growth. According to the World Bank, the age dependency ratio of working age population in Ethiopia or the ratio of the number of dependents aged zero to 14 and over the age of 65

to the total population aged 15 to 64 was reported at 80.5 percent (see Figure below). Parallel with demographic transition, Ethiopia is also going through a rapid urbanization, with prospects of tripling the urban population from 2012 levels in less than 20 years.⁹

Core to Ethiopia's population landscape seems to be the failure to bring down fertility rates to desirable levels. Though Ethiopia's Total Fertility Rate (TFR) has declined over time, the rate of decline has been rather slow. As per the 2016 EDHS, TFR has declined from 5.5 children per woman in 2000 to 5.4 in 2005, to 4.8 in 2011 and 4.6 children per woman in 2016. Even if the fertility rate declines in the country, the population will continue to grow due to the population momentum, given the number of women in reproductive age.

The reduction in fertility rates differs between rural and urban areas of the country. The TFR among women in rural areas declined from 6.0 children in 2000 to 5.2 children in 2016, while in urban areas,

FIGURE 2: Ethiopia Age Dependency



Source: UNICEF ESARO calculations based on UNDESA, World Population Prospects (2017) (medium variant)



⁹ World Bank (2015), Urbanisation Review.

the TFR has declined from 3.0 in 2000 to 2.3 in 2016. According to the 2016 EDHS, the TFR is highest in the Somali Region at 7.2 children per woman and the lowest in Addis Ababa at 1.8 children per woman. The pace of fertility decline has rather been slow mainly due to limited access to family planning services, including modern Family Planning (FP) contraceptives. The 2016 EDHS finds that even if FP contraceptive utilization has increased, there is still an unmet need for family planning services; 22 percent at national level, 25 per cent at rural settings and 11 per cent in urban areas.

Urbanization

With only 21 percent of its population living in urban areas, Ethiopia is still predominantly a rural country.¹⁰ The Central Statistics Agency (CSA), projects that the urban population will triple to 42.3 million by 2037, growing at 3.8 per cent a year; while the 2015 *Ethiopia Urbanization Review*, projected an even faster rate of about 5.4 per cent a year – meaning that the urban population would triple even earlier – by 2034, with 30 per cent of the country's population in urban areas by 2028. The low level of urbanization and the high rate of urbanization is a big challenge in terms of management, planning, housing and basic service provision, but it also represents an opportunity for the country's economic structural transformation.

The urban system of Ethiopia is unbalanced and characterized by one primate city, Addis Ababa, few cities ranging between 100,000 to 500,000 inhabitants, and a large number of small towns dominated by settlements with less than 5,000 inhabitants. The country's industrial policy and the presence of large university campus in intermediate cities, such as Bahir Dar, Mekelle, Dire Dawa, Hawassa, Adama and Harar, are push factors for a more balanced system of cities, which should also benefit from the current preparation of regional spatial development plans.

Additionally, while the informal sector provides most employment in cities (60%), it only accounts for 37 percent of jobs in Ethiopia, and manufacturing employment only accounts for 3 percent of total

employment. Furthermore, most jobs are in small firms that have minimal prospects for growth.¹¹

Ethiopia is also under-investing in its urban areas. Despite the critical importance of urban infrastructure services in attracting and retaining satisfied and productive residents and businesses, urban services are failing to keep pace with urbanization. For example, Addis Ababa is Ethiopia's only city with municipal sewerage, serving only 10 percent of the population.¹² Solid waste management remains a challenge, often dumped into open areas, endangering public health. Road density is below African average, although higher in urban areas and water provision is especially a challenge, with low rates of per capita consumption.

Basic Services

It is clear that the country should continue to promote investment in its basic services and create a favourable human capital development policy through strengthening educational and skills development, health and nutritional services, and providing adequate water and sanitation.¹³

Health. Ethiopia has made notable strides in this sector, but it is not on track on most of the targets for SDG 3 which indicates an urgent need for correction. The country has showed a reduction in the under-five mortality rate, from 123 per 1,000 live births in 2005, to 55 per 1,000 live births in 2019. Similar declines have occurred in the infant mortality rate, from 77 per 1,000 in 2005 to 43 per 1,000 in 2019. Both infant and under-five mortality have declined since 2016, but there has been no improvement in neonatal survival in recent years. This, coupled with the fact that maternal mortality is still high (412 maternal deaths per 100,000 live births) according to the 2016 EDHS, suggests that there is an unfinished agenda with respect to maximizing the coverage and quality of high-impact maternal and neonatal health interventions, particularly during the postnatal period. The low performance on maternal and reproductive health indicators correlates with child marriage¹⁴ and female genital mutilation practices in Ethiopia.

The coverage of several high-impact interventions has increased since 2016, but national shortfalls

¹⁰ World Bank Blogs (2019); Why should Ethiopians Worry about Urbanisation: Jobs, Infrastructure and Housing

¹¹ Ibid

¹² Ibid

¹³ Ibid.

¹⁴ In terms of maternal health outcomes, girls under 15 are five times more likely to die of pregnancy-related causes than adult women (Murphy and Carr, 2007; Nour, 2006).

persist, as do disparities according to region, urban-rural residence, household socioeconomic status and women's level of education. Some disparities are narrowing, for example between 2016 and 2019 the rate of skilled delivery in Somali and Oromia – two regions with historically low rates of skilled delivery– increased from 16.4 percent to 30.6 percent, and from 19.7 percent to 43.7 percent, respectively. However, for some interventions there has been a stagnation or deterioration of coverage in urban areas (where rates have historically been high). For example, the urban coverage rate for at least one antenatal care visit in 2019 (84.5 %) is lower than it was in 2016 (90.1 %).

In addition to increasing the coverage of various high-impact interventions and services, quality transformation in healthcare has been a priority under the current Health Sector Transformation Plan (HSTP), with several quality initiatives and processes in the health sector. However, a 2016 Service Availability and Readiness Assessment (SARA) highlighted major shortcomings with respect to basic health facility readiness related to core pillars of the health system, such as the health workforce, drug and pharmaceutical management, and infrastructure. For example, only 30 percent of health facilities had improved water sources, with high disparity between urban and rural health facilities (76 per cent and 20 per cent), respectively.¹⁵

While progress was made in reducing HIV incidence, new HIV infections only declined by 14 percent in 2016 from 2010, which is too slow to achieve 2020 targets. Prevalence is higher among women at 1.2 per cent compared to 0.6 per cent for men. Key populations in the National HIV prevention roadmap 2018-2020 with prevalence based on the 2016 data are: Female Sex Workers (FSWs) with prevalence ranging from 14% to 32% in towns), prisoners (with 4.2% prevalence), while priority populations are People living with HIV (PLHIV) and their partners (with 28% prevalence for the latter); widowed (with 11% prevalence); distance drivers (with 4.9% prevalence); separated or divorced women (with 3.5% prevalence); and people working at hot spot areas (mobile and resident workers at 1.5 percent

prevalence based on programme data). These population groups have high risk of HIV infection, limited access to services and some face stigma and discrimination.

The malaria incidence fell from 22/1,000 in 2014/15 to 21/1,000 in 2015/16. The Neglected Tropical Diseases are target for elimination for 2030 but a lack of innovative strategies that leapfrog the conventional methods challenges elimination efforts. According to the 2017 Global Tuberculosis Report published by the WHO,¹⁶ Ethiopia has achieved international goals set to prevent and control the spread of the disease. Major Non-Communicable Diseases (NCDs) such as diabetes, cancer and cardio-vascular diseases accounted for 39 percent of total deaths in 2016 (WHO 2018).¹⁷ NCDs and injuries caused 52 percent of all deaths, of which 52.2 percent and 34 percent of deaths were attributable to NCDs in urban and rural Ethiopia, respectively.¹⁸

Nutrition. The national prevalence of chronic malnutrition (stunting) in children under 5 years old was 58 per cent in 2000, 38.4 per cent in 2016¹⁹ and currently stands at 37 per cent in 2019²⁰. Rates for child wasting (a measure of acute malnutrition) were 12 per cent in 2000, 10 per cent in 2016 and currently stand at 7 per cent in 2019. The country's under-nutrition rates remain higher than the average rates estimated for Africa as a whole, and due to Ethiopia's population size, the country accounts for a large malnutrition burden on the continent. It was estimated in the Cost of Hunger study (2014) that Ethiopia was losing 16 percent of GDP to undernutrition; 28 percent of all child mortality was associated with undernutrition; and stunted children achieved 1.1 years less in school education.

Children malnutrition in Ethiopia in general is directly associated with childbirth size and maternal malnutrition status. The more malnourished the mother is, the more likely the child will be stunted, wasted or underweight. Under-five stunting and underweight are inversely proportional with the mother's education and HH wealth. Mothers with no education also had the highest levels of stunted children (42%) and wasted children (9%) compared to children of mothers with higher education with

¹⁵ Ethiopian Public Health Institute, (2017). Service Availability and Readiness Assessment 2016, Table 2.1.1.

¹⁶ http://www.who.int/tb/publications/global_report/en/.

¹⁷ https://www.who.int/nmh/countries/eth_en.pdf?ua=1

¹⁸ NCDs Commission's report launched in November 2018 based on data from 2016).

¹⁹ This compares to 35.6 per cent in East Africa and 30.4 per cent in all Africa. Wasting rates in Ethiopia are at 9.9 per cent against 6 per cent in East Africa and 7.1 per cent in all Africa.

²⁰ EDHS 2000, 2016 and Mini EDHS 2019

stunting prevalence of 17 per cent and wasting prevalence of one (1) percent. According to the 2019 EMDHS, stunting prevalence is highest for 24-35 months old children (45.1%), children in the two lowest wealth quintiles (each at 41.9%), children whose mothers have no formal education (41.7%), rural children (40.6%) and boys (40.2%). Similar patterns are also observed for wasting, and there are large disparities by region. With a national prevalence of 0.6 per cent, overweight/ obesity is not a major form of child malnutrition in Ethiopia, although children in Addis Ababa have the highest rate (2.5 per cent).

Looking at regional disparities, stunting prevalence varies among regions, with Amhara (46.1 per cent), Benishangul Gumuz (42.7 per cent), Afar (41.1 per cent), and Tigray (39.3 per cent) have a stunting prevalence above national average. As for wasting prevalence, Somali (21 per cent), Afar (14 per cent), Gambella (12.5 per cent) and Tigray (9 per cent) regions have a wasting prevalence above the national average. See Table 1 - Disparities in selected nutrition indicators.

The prevalence of Low birth weight (LBW) is 13.2 percent (2016 EDHS) and as per current trends Ethiopia will not achieve the World Health Assembly (WHA) targets of reducing LBW by 30 per cent unless the Average Annual Reduction Rate (AARR) is increased from two percent to seven percent.

Women's nutritional status is a crucial component of Ethiopia's efforts to end malnutrition in all its forms. Roughly one out of every four women aged 15-49 years in Ethiopia is thin (body mass index (BMI) <18.5 kg/m²), while 7.6 per cent are overweight or obese (BMI ≥25). Micronutrient deficiencies are a public health concern: 2016 data shows that iron-deficiency anemia affected almost one out of every four women of reproductive age. Anemia takes an even greater toll on children, affecting 56.9 per cent of children aged 6-59 months (67.8% of children in the lowest wealth quintile) in 2016. The low 2019 coverage of Vitamin A supplementation among children aged 6-59 months (47.1%) is not vastly different from the rate documented in 2016 (44.7%), suggesting that anemia might not be the only micronutrient deficiency of concern among children.

Available evidence suggests that nutrition improvement in women and children is a complex interplay of behaviours (e.g. infant and young child feeding practices), social norms and practices, food insecurity, and a host of other factors such as

poverty, Water, Sanitation and Hygiene (WASH) and mitigating the impacts of hazards. Important contributors to nutritional status, such as infant and young child feeding practices, vary considerably by region, among rural and urban areas, mothers' education and wealth quintile. There is a national shortfall on key indicators, such as the exclusive breastfeeding rate, which is only 58.8 percent in 2019. The issue of minimum acceptable dietary standards affects all children, regardless of socioeconomic status, area of residence, level of maternal education or other factors; though it generally improved with the mother's education level and the HH wealth. Malnutrition is higher in rural areas than in urban areas. The household consumption and dietary diversity patterns were still poor, with high dependency on starchy staples and low dietary diversity score. According to the EDHS (2016), only 7 per cent of the children 6-23 months consumed the minimum acceptable diet, and 14 percent of the children have an adequately diverse diet. The national food consumption study (EPHI 2011) found that adults consumed less than two groups out of 10 food groups, while children under five consumed less than two groups out of seven food groups. Despite the fact that Ethiopia has signed the National Nutrition program II and Sekota Declaration (see further information under Chapter 5), the nutritional situation of women and children did not improve to meet the WHA targets.

TABLE 1: Disparities in selected nutrition indicators

Stunting	Stunting of children under 5 years of age decreased from 40 percent in 2014/15 to 38.4 percent in 2015/16. Looking at regional disparities, Amhara (46.1%), Benishangul Gumuz (42.7%), Afar (41.1%), and Tigray (39.3%) have a stunting prevalence above national average. In addition, mothers with no education also had the highest levels of stunted children (42%) compared to children of mothers with higher education (17%).
Wasting	Wasting of children under 5 years of age increased from 9 percent in 2014/15 to 9.9 percent in 2015/16. There is disparity by region with Somali (21%), Afar (14%), Gambella (12.5%) and Tigray (9%) regions having a wasting prevalence above the national average. Mothers with no education had the highest levels of wasted children (9%) compared to children of mothers with higher education (1%).
Low birth weight	The prevalence of Low birth weight (LBW) is 13.2 percent (2016 EDHS) and as per current trends, Ethiopia will not achieve the World Health Assembly targets of reducing LBW by 30 per cent unless the Average Annual Reduction Rate (AARR) is increased from 2 per cent to 7 per cent.
Anemia	<p>The prevalence of anemia among children declined from 54 per cent to 44 per cent from 2005 to 2011 but increased to 57 per cent in 2016. Most importantly, there is a large disparity by region with the following regions having higher anemia prevalence than the national average; Somali (83 per cent) and Afar (75 per cent). The trends must be reversed from an increasing rate of 0.6 per cent per annum to AARR of 6.7 per cent.</p> <p>The prevalence of anemia among women age 15-49 declined from 27 percent in 2005 to 17 percent in 2011 but then increased to 24 percent in 2016. Similarly, Somali (60%) and Afar (45%) have the highest prevalence. The trajectory also shows that Ethiopia will not achieve the World Health Assembly targets of reducing anemia by 50 per cent unless there is an increase in AARR from 1.2 percent to 6.7 percent. Ethiopia has the lowest rates of minimum dietary diversity (14%; 2016 EDHS) and minimum acceptable diet (7.2%; 2016 EDHS) in East and Southern Africa. There is an urban-rural divide in the minimum dietary diversity, with urban households faring much better than rural households (27.3% and 9.8%, respectively), although dietary diversity is sub-optimal in both urban and rural areas.</p>
Exclusive breastfeeding	Ethiopia has already reached the exclusive breastfeeding rate target for World Health Assembly of (more than 50%) and the prevalence of exclusive breastfeeding continues to improve. However, more efforts are required to sustain and continue to increase the exclusive breastfeeding rates.

Education. Ethiopia made remarkable progress to increase net enrolment in schools. Primary education (1-8), including the basic education male net enrolment rate, decreased from 96.9 percent in 2014/15 to 94.7 percent in 2018/19; while that of girls remained the same at 90.5 percent over the same

period. Primary school gender parity has, however, remained a challenge as it was planned to increase from 1:0.92 in 2014/15 to 1:0.95 in 2018/19 and the performance was 1:90. This means that women's participation in education remains challenging in the ongoing efforts to bring about equal opportunity.

Despite improvements in school enrolment, there is a low transition rate from primary to secondary school for both boys and girls, a by-product of factors such as high dropout rates across the primary cycle (less than six out of 10 learners complete primary education), and supply-side factors such as the much smaller number of secondary schools relative to primary schools in the country (ratio of 1:10), despite Ethiopia's young population and the significance of adolescents in national security, growth and development. There are persistent challenges that contribute to low student learning outcomes and the sub-optimal development of foundational and transferable skills that equip children to be productive members of society.

For the country to achieve its vision of middle-income status, secondary education will be the key to building requisite skills base and manpower to support the economic sector in general and industry and technology in particular. The gross enrolment rate of secondary education (Grade 9-10) was 39.8 percent and 48.5 percent in 2014/15 and 2018/19, respectively. The government is aware of these challenges, as reported in the GTP mid-term review: *"However, the monitoring and evaluation system of the sector is weak and does not provide a reliable and timely performance evaluation report. In addition, problems with very poor quality of education at all levels, supply and distribution of educational materials, lack of integration in expanding functional adult education, low proportion of female enrolment in higher educational institutions, high dropout and low completion rates (i.e., high wastage), particularly in primary school education, low access to secondary school education in some parts of the country are still major challenges of the sector".*²¹

The Ministry of Science and Higher Education (MoSHE) was established in October 2018, and is responsible to lead the development of science, higher education as well as the Technical and vocational education and training (TVET) in Ethiopia.

It oversees over 30 public universities, as well as a growing private sector. Ethiopia did not have a single privately-owned tertiary institution before the early 1990s, but there are now 61 accredited private HEIs. The overall number of tertiary students in both public and private institutions grew by more than 2,000 percent, from 34,000 in 1991 to 757,000 in 2014, per UIS data.

Water and sanitation. Water and sanitation continue to be a challenge in Ethiopia and public spending on water and sanitation is less than one percent, far lower than spending for other social sectors. Although Ethiopia has made some progress to improve access to clean water, 69 percent of households²² have access to improved water sources²³ but with a vast rural-urban divide (62 percent in rural areas; 97 percent in urban areas). Hygiene remains a major gap in emergency and non-emergency settings. Sixty to 80 percent of communicable diseases are attributed to limited access to safe water and inadequate sanitation and hygiene.²⁴ In addition, 50 percent of the consequences of undernutrition are caused by environmental factors that include poor hygiene and sanitation. The above-mentioned challenges in the provision of water and in poor levels of sanitation lead to hygiene problems within communities. For example, some girls and women have limited access to sanitary pads.²⁵ Slum dwellers have particularly higher risk due to the poor conditions and often crowded conditions under which they live.

Children also have a high risk due to the weakness of their immune systems; for example, diarrhea is the major cause of under-five mortality in Ethiopia, accounting for 23 percent of all under-five mortality (more than 70,000 children).²⁶

School age children are also at high risk to trachoma and soil transmitted helminths (neglected tropical diseases) that are leading cause for vision impairment and lymphatic edema.

²¹ Ibid, p 63

²² The percentage of children deprived of safe drinking water is still high (according to analyses using 2016 EDHS data: 59% of children under 5 years; 56% of 5- to 17-year-olds). Children living in rural areas are much more deprived of safe drinking water than their urban counterparts (63% and 14%, respectively). In addition to water, other dimensions of WASH require focus. There is still a huge gap with regard to sanitation, where only 6.3 percent of households have access to improved sanitation. Rural populations and the poorest households are the most disadvantaged in terms of sanitation, and deprivation in sanitation is one of the largest contributors to multi-dimensional child deprivation in Ethiopia. Among all children, the rate of deprivation of this basic right is 89 percent, with children in rural areas being much more deprived than children in urban areas (94% and 53%, respectively).

²³ UNICEF and WHO, JMP. <https://washdata.org/data/household#/>. Accessed on 18 November 2019.

²⁴ <https://www.unicef.org/ethiopia/water-sanitation-and-hygiene-wash> accessed in October 2019.

²⁵ Ethiopian Standards Agency, Sanitary Pads (Specification) Part 1: Disposable, 2018, (File No. ES 6345:2018) pp. 1-18 and Ethiopian Standards Agency, Sanitary Pads (Specification) Part 2: Reusable, 2018, (File No. ES 6346:2018), pp. 1-17.

²⁶ Ibid.

Migration and Displacement

Internal migration in Ethiopia remains limited. In the five years prior to the 2013 Labour Force Survey, about 6.5 percent of the Ethiopian adult population moved zone of residence, marginally higher than the share in 1999 (5.7%).²⁷ In rural areas in particular, mobility is limited, with a mere 3.5 percent of adults moving zones between 2008 and 2013 (the five years preceding the 2013 LFS-Table 1). Migrants account for a higher share of the population in urban areas. In 2013, 17 percent of urban dwellers were recent migrants (came to the city in the five years up to 2013). At the regional level, Gambella and Benishangul-Gumuz attracted most migrants in the five years up to 2013, presumably related to the availability of agricultural land in these regions.

Internal migration in Ethiopia has increasingly been directed towards urban areas. Of all internal population movements between 2008 and 2013, 34 percent went from rural to urban areas, while 25 percent was within-urban migration (from one city to another). Intra-rural migration accounted for 23 percent of population movements between 2008 and 2014. This is in sharp contrast to earlier times, where the bulk of internal migration happened within rural areas. Between 2000 and 2005, for instance, close to 40 percent of migration was within-rural, while only one in four migrants came to urban areas.

In 2018, Ethiopia experienced large-scale ethnic-based inter-communal violence, which resulted in a massive internal displacement of people, particularly in the SNNP, Oromia, Somali, Benishangul-Gumuz regions. A total of 3.19 million were reported as IDPs and IDP returnees in Ethiopia were displaced due to conflict and climate-induced factors.²⁸ Insufficient or weak responsive measures by the government to stem inter-communal violence resulted in: violations of their rights, including to life²⁹; reports of sexual and gender-based violence; adverse effects on the mental health and psychosocial wellbeing of children and adults; destruction of property and documentation; and also disrupted schooling and other essential services. There were also reports of forced return of IDPs to their areas of origin in less than optimal conditions³⁰, which in some cases has created secondary displacement. For those who

remain displaced, access to services in some instances is denied/not provided which pushes return, and those who have been returned/relocated often lack access to basic services and protection. In areas of relocation/return, influx of additional persons with cause strain on already stressed services, potentially increasing tension between those relocated and communities of relocation. Housing, land, and property issues also are a barrier to integration, relocation, or return. A lack of services, and particularly a lack or shortage of agricultural inputs contributes to a lack of durable solutions and increases the need for support.

Ethiopia is at the center stage of migration in the Horn of Africa (HoA), being a country of origin, transit, and destination for migrants who face significant protection risks in a region in crisis. Ethiopia currently hosts more than 720,000 refugees and asylum-seekers originating mostly from neighboring countries. The country is the second largest asylum country in Africa.³¹ The scale of irregular migration from Ethiopia and the extent to which migrants are vulnerable to trafficking and smuggling are other dimensions of the migration and displacement relevant crises in the country. The socio-economic challenges, climatic and political factors, and resource scarcity intensified by arrival of displaced populations in already resource-poor communities have converged to result in high rates of irregular migration by Ethiopians – particularly its large youth population – searching for better economic prospects and safety. For returnees annually, over 150,000 Ethiopians are migrating towards the Gulf Countries and 14,000 – 17,000 towards South Africa. In 2018, 3,370 Ethiopians launched asylum applications in towards in Europe. According to the Government of Ethiopia, an estimated 2 million Ethiopians – many of them highly skilled – live abroad. Financial remittances are estimated at USD 5 million in 2018 by the National Bank of Ethiopia. Evidence shows serious gaps in quality and available services for migrants, and referral pathways, amongst others. The scale of irregular migration from Ethiopia and the extent to which refugees, asylum-seekers and migrants are vulnerable to trafficking and smuggling, are other dimensions of the migration and displacement relevant crises in the country and have surged past

²⁷ Internal Migration in Ethiopia Evidence from a Quantitative and Qualitative Research Study, March 2018.

²⁸ This is the largest number of IDPs globally. See: <https://reliefweb.int/report/ethiopia/ethiopia-humanitarian-needs-overview-2019>.

²⁹ Findings from UN protection cluster monitoring.

³⁰ Returnees to ethnically mixed villages report being harassed primarily by the youth, who are pressuring them to leave again.

³¹ Ethiopia Country Refugee Response Plan 2019.

Official Development Assistance as sources of foreign exchange.

The socio-economic challenges, climatic and political factors, limited pathways for regular migration available to low skilled migrants, and resource scarcity intensified by arrival of displaced populations in already resource-poor communities have converged to result in high rates of irregular migration by Ethiopians – particularly its large youth population – searching for better economic prospects and safety. With limited capability to avoid, resist, cope with, or recover from risks or experiences of violence, exploitation, or abuse that they are exposed to or experience within a migration context, most Ethiopian migrants have significant protection needs in a region in crisis. The scale of irregular migration from Ethiopia and the extent to which migrants are vulnerable to trafficking and smuggling are other dimensions of the migration and displacement relevant crises in the country.

Migration along these migratory routes is facilitated by smugglers and traffickers rather than government-led mobility mechanisms. Isolated from protection systems owing to the irregular nature of their migration, Ethiopian migrants face significant vulnerabilities stemming from widespread abuse and human rights violations along the migratory process and routes. A problematic trend is the increasing proportion of Unaccompanied and Separated Migrant Children, who currently constitute around 20% of Ethiopian's migrating on the three major migratory routes. The increase in the numbers of irregular migrants coupled with limited alternatives to the detention of irregular migrants has occasioned widespread detention and deportation of Ethiopian migrants. The ongoing mass deportation of Ethiopian irregular migrants from the Kingdom of Saudi Arabia (KSA) exemplifies another facet of the mobility dimension of crisis in Ethiopia. The Government of the KSA has deported 320,000 of the estimated 500,000 Ethiopian irregular migrants residing in the KSA. Comprised of predominantly disillusioned young men, the migrants are returning to communities in conflict-affected and socio-economically distressed regions without assistance for their sustainable reintegration.

Children are engaged in and affected by migration for mixed reasons across the Horn of Africa, including Ethiopia. The Trafficking in Persons Report

(2019) reveals that more than 10,000 individuals vulnerable to trafficking were intercepted during the reporting period in Ethiopia and the number of convictions of traffickers increased. There are reports of smuggling and trafficking of children in areas where internally displaced people are living and some children who are victims of irregular migration are sometimes reported to be victims of trafficking. There have been reports of the trafficking of out of schoolgirls into domestic work and commercial sexual exploitation in major towns including Addis Ababa. However, reporting and data collection are not always reliable in the absence of a case management system. In 2019, 1,354 and 119 Ethiopian migrants were detained for immigration offences in Tanzania and Libya respectively.

Gender Equality and Gender Discrimination

Women's equality and empowerment is one of the 17 Sustainable Development Goals, but also integral to all dimensions of inclusive and sustainable development. Ethiopia stands at 117 out of the 129 countries recently assessed using the global SDG Gender Index which makes Ethiopia among the lowest performing countries on gender equality and women's empowerment.³²

In Ethiopia, gender roles and stereotypes contribute to structural and persistent barriers in women's and girls' lives. It leads to gender discrimination and inequality, which is well-reflected in women's disadvantageous and unequal status in many areas, including in public life and decision-making, economic life, sexual and reproductive health, education, and in marriage and family relations.³³

Women's traditional role in the family limits their career opportunities and participation in trainings and professional network development. There is a general tendency to prefer male candidates over female candidates because of, among others, the psychological and perceived fear towards women's productive and housework responsibilities. Thus, women may be discriminated against during the recruitment phase based on their gender roles at home. In addition, gender preconceptions and stereotypes about women's (leadership) capacity prevent promotions to leadership appointments.

³² Equal Measures 2030 'The 2019 EM20130 SDG Gender Index P. 13 available at https://www.equalmeasures2030.org/wp-content/uploads/2019/07/EM2030_2019_Global_Report_English_WEB.pdf.

³³ See also CEDAW Committee, *Concluding Observations. Ethiopia*, 2011 (File no. CEDAW/C/ETH/CO/6-7), para. 18.

Sex- and gender-based attitudes and stereotypes, power imbalances, inequalities and discrimination perpetuate the widespread existence of practices that often involve violence or coercion, including harmful practices such as child marriage and FGM. Harmful practices are also used to justify GBV as a form of “protection” or control of women and children in the home or community, at school or in other educational settings and institutions and in wider society. Moreover, sex- and gender-based discrimination intersects with other factors that affect women and girls, e.g. age, disability and ethnicity.³⁴

According to the EDHS 2016, 35 percent of Ethiopian women (ages 15-49) decide themselves on their first marriage and 61 percent of women state that their parents made the decision for their first marriage.³⁵ The median age for marriage for women is highest in Addis Ababa at 21.4 years, while it is only 14.7 years in Amhara.³⁶ There are also significant variations among regions with regard to Violence against Women and Girls (VAWG), with the highest prevalence rate in Oromia and Harari.³⁷ Humanitarian crisis situations further exacerbate existing vulnerabilities and reinforce unequal gender norms. Women and girls are disproportionately exposed to risk, increased loss of livelihood, security and lives. In addition, 75 percent of women (ages 15-49) who attended school before marriage stopped attending after marriage. The main reasons put forward for discontinuing school are that they are too busy with family life (62%) or that their husbands refused to let them continue school (23%).³⁸ The percentage of women whose husband participates in household chores is 37 percent of whom 18 percent participate every day.³⁹ The EDHS 2016 also shows that women are more deprived of information compared to men. The internet is a critical tool to access information and Ethiopian women are three times less likely to use the internet than men.⁴⁰ Furthermore, women are less exposed to mass media than men, namely 4 percent of women and 9 percent of men read a newspaper at least once a week; 16 percent of women and 21

percent of men watch TV at least once a week; and 17 percent of women and 28 percent of men listen to the radio at least once a week.⁴¹

Inequality is also visible in the widespread presence of violence against women and girls. In fact, one out of four Ethiopian women has already experienced physical violence since age 15, and 1 out of 10 Ethiopian women have already experienced sexual violence since age 15.⁴² It is worth mentioning that the latest estimates provided by the Ethiopian Demographic Health Survey in 2016 do not look into violence against boys which is a data gap that will need to be filled as there are other qualitative studies (i.e. Young Lives) which report that violence against girls and boys is widespread⁴³.

Moreover, gender inequality is compounded by many factors, where people experience additional discrimination on the basis of age, income, ethnic or religious identity, geographic location, sexual orientation and gender identity, disability, immigration status, or HIV status, among others. This is further complicated due to the absence of sufficiently disaggregated data which could allow further investigation of the situation and status of marginalized segments of women and girls in the country.

Recent changes introduced with the ongoing reform in the country brought about significant progress in the political participation of women and strengthening the gender machineries. This is majorly noted in the gender balance in the cabinet, the appointment of first female FDRE President, first female Federal Supreme Court President and female Commissioner of the National Electoral Board. The mandate of the Ministry of Women, Children and Youth was also strengthened through a revised proclamation that gives the Ministry the power and duty to strengthen the accountability framework on GEWE, affirmative action and women's economic, social and political participation.⁴⁴

³⁴ Joint general recommendation No. 31 of the CEDAW Committee and general comment No. 18 of the CRC Committee on harmful practices, 2014, (File no. CEDAW/C/GC/31-CRC/C/GC/18), para. 7.

³⁵ EDHS 2016, p. 278.

³⁶ CSA (2011), Ethiopian Demographic Health Survey.

³⁷ 2016 Ethiopia Demographic Health Survey.

³⁸ *Ibid.*, p. 279.

³⁹ *Ibid.*, p. 280.

⁴⁰ *Ibid.*, p. 50.

⁴¹ *Ibid.*, p. 47 and 48.

⁴² EDHS 2016.

⁴³ <https://www.younglives.org.uk/sites/www.younglives.org.uk/files/YL-ViolenceAffectingChildren-A4-Feb18.pdf>

⁴⁴ See FDRE Proclamation no. 1097/2018 Article 28.

Regardless of these efforts, violation of women's rights persisted in the country, which stems from deeply rooted social norms and cultural practices. As a result, women and girls are not equally participating in society and face restrictions to economic and political participation, decision making and access to opportunities and services.

Political participation and representation:

Ethiopia has achieved gender parity in the Cabinet at Federal level and 38.8 percent women representation at the House of People's Representatives which is commendable. The participation of women in Regional Councils has also increased even though it varies across regions. However, women are still underrepresented in the civil service for permanent positions, in managerial positions, as well as in diplomatic and in judicial service.⁴⁵ Similar challenge is noted at regional level where women's representation in executive leadership positions is still low. Other challenges include: structural barriers, lack of accepting women as leaders and winnable candidates by political parties; lack of legislative backing being dependent on voluntary quota system,⁴⁶ lack of financial resources to run for election; harmful norms including gender-based stereotypes in the society and media implying women are less legitimate and capable leaders than men; and the low economic, social and political status of women, which obstruct women's equal and effective participation in political life and enjoyment of their political rights.

Employment and unpaid care work: The 2017 Gender Statistics Report shows that in urban areas of Ethiopia a higher proportion of males were in the labour force compared to women. The employment to population ratio was 43 percent for females, compared to 64 percent for males in 2016. The share of females in the informal sector that has no protection under both the social and labour law is higher than for males. Women's prevalence in the informal sector could be attributed to a variety of factors such as lack of education and women's greater commitment to family responsibilities, which may prevent them from entering the formal sector. Unemployment rate among the urban population is higher at 25 percent among women compared to 9 percent among males. The gap in earnings with men is also significant, where it is either unpaid labour or

low rates of payment. Women were more concentrated than men in the categories of domestic employment and unpaid family workers.⁴⁷

Access to sexual and reproductive health:

According to figures from EDHS 2016, maternal deaths have been reduced by 39 percent from 676 in 2011 to 412 per 100,000 live births in 2016. Regarding the provision of medical services to women, significant developments have been registered in the antenatal care (ANC), skilled delivery, reduction of maternal and child mortality, contraceptive use and other indicators. The proportion of women aged 15-49 in Ethiopia who received ANC from a skilled provider has increased from 34 percent in 2011 to 62 percent in 2016. A total of 32 percent of women had at least four ANC visits during their last pregnancy. During the same period, institutional deliveries have also increased to 26 percent in 2016, while home deliveries decreased from 90 percent in 2011 to 73 percent in 2016. Seventeen percent of women and 13 percent of new-born infants received a postnatal check within the first two days of birth. The use of modern contraceptives has increased from 27 percent in 2011 to 35 percent in 2016 among married women, while the rate among sexually active unmarried women reached 55 percent.⁴⁸ However, delays in health care seeking, access (transport) to health care centers, and receiving prompt care at health facilities during obstetric emergencies still contribute to considerable incidents of maternal death. Studies indicate the presence of significant gaps in quality of midwifery education in areas such as obstetric complications, gynecology, public health and prevention of mother-to-child transmission of HIV & hepatitis. Besides, a significant proportion of Ethiopian women (32%) still had no ANC visits during pregnancy and rural women are more likely to have had no ANC visits than urban women (with urban-rural disparity at 10% and 41%, respectively). Rural women are also less likely to receive any ANC from a skilled provider with urban-rural disparity at 90 percent and 58 percent, respectively.⁴⁹

Women's Economic Empowerment: Currently, 439,117 women are engaged in small scale enterprises out of which 144,597 were provided with market access and networking opportunities. In the medium and small enterprises (MSEs) sector,

⁴⁵ CEDAW Concluding observations (2019) CEDAW/C/ETH/CO/8, p. 16

⁴⁶ CEDAW Concluding observations (2019) CEDAW/C/ETH/CO/8, p. 16

⁴⁷ CSA Gender Statistics Report (2017).

⁴⁸ EDHS 2016.

⁴⁹ Ibid.

women benefited in job creation (41%), access to government support (33%), access to credit (33%), and market networking (39%). SMEs engaged in manufacturing, urban agriculture, construction, service and trade sectors have created 3.9 million new jobs between 2014/15 and 2017/18. Of these, 1.9 million (48.7%) were occupied by women. In Ethiopia, 80 percent of the population resides in rural areas and women provide the majority of agricultural labor. Moreover, their contributions often go largely unrecognized as they have often restricted access to resources and community participation. However, women own less than 10 percent of manufacturing enterprises that are largely located in the capital city.

Education: Gender inequality in literacy is observed in all age groups and all regions across the country, with higher levels of illiteracy among women at 67 percent compared to 40 percent among men. In rural areas, illiteracy rate for women goes up to 73 percent well above the national average. Further, significant regional disparities abound. Somali and Afar regions are with high proportion of females with no education (over 60%). The literacy rate goes down for females aged 30 and above across the regions while it is higher for the 10 to 19 age groups attesting to the contribution of expansion of education particularly at primary level.⁵⁰ At primary level, though slightly different among boys and girls (98.9% and 90.5%, respectively), enrolment at primary levels is growing over the years. Primary completion rate stood at 64.4 percent for boys and 59.7 percent for girls. Secondary level enrolment is much lower at 29.8 percent for girls and 34.2 percent for boys in 2018/19. This is also evident from low levels of completion rate of 28 percent and 30.8 percent for girls and boys, respectively for lower secondary cycle⁵¹. Female enrolment in technical and vocational education stood at 52 percent by 2016. In higher education, the rate of enrolment of females in undergraduate programs has reached 34 percent in 2016. At postgraduate level, it stood at 24 percent.

These challenges are intensified by the lack of technical and financial capacity of the gender machinery, weak coordination structures for Gender Equality and Women's Empowerment (GEWE), data gap and lack of sex and gender disaggregated data in most sectoral issues except the health and education sector.

SGBV and Harmful Practices

Domestic violence and harmful practices are justified and commonly practiced by many communities in Ethiopia where 63 per cent of women and 28 per cent of men agree that a husband is justified in beating his wife for certain conditions: if she burns food, argues with him, goes out without his consent, neglects the children, or refuses to have sex with him. About 10 percent of married girls and women between the ages of 15-49 have already experienced sexual violence.

The 2016 Ethiopian Demographic and Health Survey (EDHS) national data on various forms of violence against women and girls showed that:

- 23 percent of married women age 15-49 have experienced physical violence; and four percent have experienced physical violence during a pregnancy;
- 16 percent of married women have experienced at least three types of marital control behaviors by their husbands or partners indicating economic violence;
- 34 percent of married women have experienced spousal physical, sexual, or emotional violence;
- Four in 10 women aged 15-49 were married or in union before the age of 18. Ethiopia is the 5th highest country globally in terms of burden;
- 65 per cent of women aged 15-49 years have undergone Female genital mutilation.

IV.1.2. CHALLENGES AND OPPORTUNITIES

Rapid Population Growth

The on-going change in the age structure of the population with an increasing youth population is expected to create a window of opportunity for accelerated economic growth or what is often referred to as a demographic dividend – if well managed. This is provided that the labor force, including women, is healthy, well educated, empowered, skilled, and gainfully employed. If these elements are not in place, the growing youth population could pose a substantial threat to economic, social and political stability.

⁵⁰ CSA, and World Bank Ethiopian Socio-economic Survey 2015/2016.

⁵¹ World Bank Gender data, 2015.

Delay in reducing fertility has ripple effects, including: 1) Increased risk of maternal morbidity and mortality that could result in a higher burden of service delivery in the health sector; 2) A higher growth rate of the school-age population, which makes it very challenging to achieve educational goals; 3) A less favourable age structure for economic development and the inability of the economy to absorb the rapidly growing workforce; 4) A higher population growth rate puts pressure on land and energy use, on the environment (e.g. environmental degradation) and on food and nutrition security; 5) A higher population growth rate combined with inadequate planning and policy measures may result in increased poverty and inequality; and 6) Less spaced pregnancies impacting on the health and nutritional status of both mothers and children, further straining service delivery of the health sector.

Ethiopia's population growth will depend mainly on fertility trends, and what happens to fertility will depend among others, on an improved overall political, security and economic climate. A possible need for better redistribution of the wealth and social protection policies have to be thought also to respond and to harness the benefit of Ethiopia's youthful population. The high population growth rate will place increasing pressures on the country's natural resource base and significantly expand the numbers of young Ethiopians needing educational services and basic health care, not to mention straining the labour market, which already fails to provide young people with sufficient employment opportunities.

Addressing gender inequalities, in particular universal access to reproductive health services will be central to this agenda. With rapid population growth, one of the most difficult challenges Ethiopia needs to address is that of meeting increasing needs and expectations of its population while at the same time modifying current production and consumption patterns to achieve a more sustainable development model and address the links between development and rapid population change. This should be on top of the national agenda as it is likely to affect consumption, production, employment, income distribution, poverty and social protection. Failure to do so has the potential to undermine efforts to avail

universal access to health, education, housing, sanitation, water, food and energy, etc.

To move quickly through the demographic transition, Ethiopia would need to lower mortality and fertility rates, to create stability in the population size, and create an age structure favorable for development. The Government of Ethiopia will also have to manage rural to urban migration more strategically in order to ensure that the positive social and economic impacts are maximized, while also strengthening the economy, increasing access to basic services by investing in interconnected systems of villages, towns and cities. This approach has the potential to strengthen the economic resilience of rural areas and provide durable solutions for displaced populations. Human capital development has to be a priority, backed by substantial investments in education and health, with particular emphasis to achieving gender equality.

On migration, Bezu and Holden (2014)⁵² found that rural youth out-migration in southern Ethiopia had increased significantly in the past six years, partially owing to the serious constraints facing young people in accessing land. Age and education are the main correlates of internal migration in Ethiopia. Regardless of whether the origin area is rural or urban, migrants are younger and better educated compared to non-migrants from the same origin area.⁵³ Rural dwellers who migrate, either to other rural or urban areas, accumulated twice as many years of education than rural dwellers who stayed put, and were three times more likely to have enjoyed schooling at the secondary level. A similar pattern is found for urban origin areas, where migrants (those who move to other urban areas) are younger and more educated to urban non-emigrants. In general, education drives migration: Rural dwellers who had at least some secondary education (not necessarily completed) had a likelihood of close to 30 percent to migrate to an urban area between 2008 and 2013, and this rose to close to 60 percent for people with post-secondary education. In general, the probability of each type of migration increased with education, with the exception of urban-rural migration, which was most common for individuals without any formal education.

On urbanization, accelerating urbanization sustainably through addressing key systemic

⁵² Sosina Bezu, Stein Holden, (2014). Are Rural Youth in Ethiopia Abandoning Agriculture? *World Development* v64 (2014)12: 259-272

⁵³ Ibid., Internal Migration in Ethiopia: Evidence from a Quantitative and Qualitative Research Study, March 2018

bottlenecks of access to affordable land and basic services, prioritizing the potential of small and intermediary cities to accommodate growth, could therefore potentially reduce population growth as successive generations of rural populations moving to cities adapt to urban fertility norms. Raising education levels, improving health indicators, raising the median age of marriage, increasing modern contraceptive prevalence, may also help the country to turn things around. In addition, the Government's creating employment and entrepreneurial opportunities and making good use of the urban population growth potential to shift the structure and location of economic activity to more diversified sectors are concrete measures that would contribute to economic growth.

The way that Ethiopia, the least urbanized country in the sub-region, manages its urbanization process could determine whether or not it will be able to leverage urbanization for economic growth, improving the quality of life and reducing poverty. Planned urbanization can be an accelerator for poverty eradication. Some studies show that the existence of small- and medium-sized cities facilitate more sustainable rural development and correlates with a far smaller gap between the poor and non-poor in accessing essential services, such as education, health, and housing, compared with hinterlands. According to the World Bank (2015), 'cities already produce 38 per cent of the country's GDP, while only employing around 15 percent of the total workforce, due primarily to the high productivity rates of economic sectors in urban areas.' While urban unemployment and underemployment rates have recently gone down, compared to other African countries they are still high. Just to maintain the current levels of unemployment, and to reduce unemployment, Ethiopia will need to create around one million additional urban jobs per year between now and 2035.⁵⁴

Capitalizing on the youth bulge in Ethiopia, young boys and girls are a major human resource for development and key agents for social change, economic growth and technological innovation in the country. Participation in decision-making is a key priority area of the UN agenda on youth. In 1995, on the tenth anniversary of International Youth Year, the United Nations strengthened its commitment to young people by adopting the World Programme of Action for Youth (WPAY), an international strategy to more effectively address their problems and

increase opportunities for participation in society. The international community has reaffirmed its commitment to youth participation through UN General Assembly resolution 58/133, which reiterates the "importance of the full and effective participation of youth and youth organizations at the local, national, regional and international levels in promoting and implementing the World Programme of Action, and in evaluating the progress achieved and the obstacles encountered in its implementation".

The UN Youth Strategy that was launched in 2018 and the Ethiopian Ten-Year Perspective Plan, which encompasses the Home-Grown Economic Agenda, have also given emphasis to youth participation in social and economic development. However, clear mechanisms and structures of ensuring youth participation especially of the vulnerable youth groups, such as youth with disabilities, indigenous youth, migrant youth, youth affected by conflict and post conflict situation, and youth with HIV, are not included in action plans. Given Ethiopia's youth bulge, a collective and better understanding of what sustained youth participation involves and how youth participation can be effectively strengthened and institutionalized in the design, implementation, monitoring, reporting and evaluation of instruments, strategies, policies, plans and programmes in Ethiopia, will have to be given attention by government, civil society and other partners.

Ethiopia's Population Policy was adopted in 1993. The country has experienced significant changes in the recent past. There are currently recommendations that the Population Policy needs revision, which will be critical not only for lowering population growth, but also to address the broader human development and economic growth issues that would create conducive conditions for smaller families and to incorporate the essential ingredients and principles of the International Conference of Population and Development. The absence of current census data will be limiting as the Policy will be based on projections, which may not sufficiently capture the country's changing age structure (population pyramid). This is why there is a crucial need to invest in data to improve understanding of factors influencing demographic dynamics/changes and reproductive health processes and outcomes among different population groups, especially groups left furthest behind

⁵⁴ Ibid, World Bank blogs

Social Sectors

Health. In the health sector, structural factors such as public expenditure on health are highly salient to achieving improved health outcomes. However, effective allocation of existing resources across interventions and/or health system pillars warrants further attention. The Federal Government has invested heavily in expanding the availability of service delivery sites in the health sector. However, quality transformation in healthcare has also been a priority under the Ethiopia Health Sector Transformation Plan (HSTP) and there has been a proliferation of quality initiatives and processes.

Underlying factors related to quality and coordination remain prominent contributors to shortfalls and inequities. As noted in the HSTP mid-term review (2018), there is no coherent, sector-wide plan and approach to improve health worker skills (both clinical and nonclinical), and there is a lack of clarity regarding health worker regulation and oversight.⁵⁵ The public–private sector interface is another area for optimization. The HSTP mid-term review highlighted shortcomings related to procurement and supply-chain management.

It should be noted that factors in the causal pathway are not all supply-related; access barriers also impact demand. Financial accessibility is one of such issues. Two health sector initiatives, the Community-Based Health Insurance (CBHI) scheme and the fee waiver system, have been rolled out to address financial access barriers faced by the poorest segments of the population. However, coverage of those programmes is far below national targets. There are also several social determinants of health that mediate access and have a direct bearing on health care seeking, and thus health outcomes. Geographical barriers still exist in regions such as Afar and Somali. Constraints on mobility, for example, resulting from conflict and civil unrest in places such as Oromia, can also have a disruptive effect on health care and health care seeking. Moreover, social and gender norms are demand side factors that can contribute to shortfalls and inequities.

Nutrition. Though Ethiopia has developed the multi-sectoral Food and Nutrition Policy (FNP) which is yet to be operationalized, as well as the Seqota Declaration that is in its initial phase, addressing

malnutrition in a multi-sectoral manner still faces institutional fragmentation, weak governance, accountability, and weak multi-sectoral investment and financial support.

The direct causes of malnutrition relate to the inadequate dietary intake and diseases, underpinned by broader underlying causes of household food insecurity, inadequate maternal and childcare and poor water/sanitation and poor access to health services. The weak governance at a multi-sectoral level lead to weak implementation since nutrition was and is still perceived as the Ministry of Health mandate. Therefore, there is a need to better identify concrete and measurable nutrition activities in all sectors with clear institutional set-up and investment plans and relevant funding. Currently, the funding of nutrition was skewed to the health sector with 88% of the National Nutrition program II budget was identified to health sector, while 12 other sectors implementing nutrition sensitive activities were budgeted 12% only. Nutrition budgeting is activity-based, with no clear long-term commitments. This in turn negatively impacts nutrition capacities at organizational, institutional and individual levels that need strengthening in all sectors.

Acute and chronic malnutrition are reciprocal in nature. When stunting prevalence (chronic) decreased over the past couple of decades, wasting prevalence (acute) remained high. So far, acute malnutrition has been addressed based on treatment only, and due to financial resources, not all case load was being treated mainly in the moderate acute malnutrition. To be able to keep a steady decrease in chronic malnutrition, prevention of malnutrition needs to be scaled up by promoting the food system approach to address malnutrition—whether acute or chronic—among different sectors of agriculture, health, water, social protection, trade/industry among others. The aim is to address the catalytic gaps in the food system from production to post-harvest handling to market linkages and consumer utilization to address the underlying causes of under-nutrition.

Education. Ethiopia still faces a number of challenges and barriers with respect to expanding access to all levels of education and improving education quality and skills development. No legislation on the right to education is in place, which is coupled with a weak capacity of policy makers at

⁵⁵ Ethiopia Health Sector Transformation Plan (HSTP) (2015/16-2019/20 GC or 2008-2012 EFY) Mid-Term Review Report: Volume 1, 2018.

national and regional level to use evidence and data for education planning. Moreover, budget allocation is not sufficiently equity-focused to support enrolment and learning of most disadvantaged.

In terms of school readiness, quality and standards of Early Childhood Education – ECE/Pre-Primary programmes vary across different systems and regions. It is important to focus on removing barriers which impede access determined by geography (region, urban/rural), wealth and gender. Pre-primary enrolment in Afar and Somali are 12.9 percent (13.2 percent for boys and 12.4 percent for girls respectively) and 7 per cent (7.5 percent for boys and 6.5 percent for girls) respectively. There is a need to improve the quality of education and learning in low levels of schooling as the 2015 National Learning Assessment revealed that a third of students in Grade 4 and over half of the students in Grade 8 scored at “below basic” proficiency levels. The 2016 Early Grade Reading Assessment (EGRA) further revealed that only 33 percent of Grade 2 and 45 percent of Grade 3 students can read at functional reading proficiency levels (fluently or with increasing fluency). Barriers include skills gaps in school curriculum and capacity of teachers to monitor learning and skills development (in particular for refugee education).

While tertiary education in Ethiopia began in the mid-1960s, it was only in the past fifteen years that access to higher education has opened to the wider population. According to UNESCO UIS, the gross enrolment ratio of Tertiary education has been increased from 3.54 percent in 2008 to 8.13 percent in 2014. The 2015 UNESCO report showed that access to higher education has been improving over time in Ethiopia as a result of the aggressive role played by the Government of Ethiopia and the initiatives taken by private investors. However, despite the increasing trend of higher education participation in the country, the size is still low as compared to other African countries.

Multi-sectoral supply and demand side barriers affect enrolment and learning, including poor school environment, health and WASH facilities; poverty and corresponding pro-poor budget allocation and targeting; health budget, social and gender norms (e.g. early child marriage, child labor); health and nutritional status of children; and access to universal health care systems, including adolescent sexual and reproductive health, including comprehensive sexuality education. Finally, conflict and displacement alone impacted the learning of 2.62

million children in 2019. The Ministry of Education (MoE) Rapid Assessment in April 2019 revealed that there were still 324,650 school age IDP children not accessing school in the five emergency-affected regions.

Water and Sanitation. Although investments are being made in water and sanitation infrastructure expansion, the availability, accessibility and management of improved water and sanitation facilities is an issue in both community and institutional settings (e.g., schools, health facilities) requiring therefore additional effort by the government and stakeholders in terms of allocating increasing financial resources to this sector. In addition, uptake of some water and sanitation behaviours is commodity-dependent, and access to essential commodities and supplies are particularly important in addressing equity issues under the water and sanitation areas. This will also include maintaining the standards promoted in July 2018 by the Ethiopia Standards Agency for disposable and reusable sanitary pads, also setting the stage for domestic production of the commodity. Ensuring the actual implementation of the standards is critical to facilitating behavior change. As with other sectors, there are also practical considerations related to water and sanitation, such as the participation of women in management and decision making related to water supply and other related issues.

Gender Equality and Gender Discrimination

There are gaps in policy and legal frameworks, including weak/inadequate laws on violence against women (e.g., sexual harassment, marriage and family law, refugee law) and a lack of regulatory frameworks for affirmative action. Weaknesses of institutional structures is characterised by challenges in the gender machinery in their coordinative role and weak accountability mechanisms. The implementation of laws and policies is also hampered by limited resource allocation by sectors to achieve gender equality and women’s empowerment. Furthermore, resource allocations are made for women specific programmes and projects with no clear allocation of resources for gender-related outputs and activities across sectors. There are limitations in terms of availability of sex disaggregated data. The problem is exacerbated by the general resistance to endorse and utilize data from non-government sources including from UN agencies.

SGBV and Harmful Practices

Violence against Women and Girls is caused by different factors, including discrimination, social, economic, and political factors. For example, violence can be perpetrated through societal values and governance practices such as for example, the practice of child marriage and other gender norms, including unequal power relations between men and women, lack of comprehensive and enforcement of laws on violence. In the context of Ethiopia, child marriage is one of the driving factors behind women and girls' exposure to violence. In addition, Female Genital Mutilation (FGM) is among the harmful practices that affect their well-being. VAWC is also an issue among the refugee population of over 700,000, 53 per cent are women and girls. These women and girls are highly vulnerable to different types of SGBV; including intimate partner violence, socio-economic, emotional and sexual violence, as well as harmful practices, mainly FGM and child marriages. High numbers of cases of VAWC are also reported among women and children living in street situations, as a result of unplanned urbanization, lack of livelihoods, among other factors. Interagency reports, including Protection Monitoring reports from areas affected by inter-ethnic conflict, identified high prevalence of sexual and gender-based violence and child marriage among IDP populations. A UN analysis of the Gedeo-Guji crisis indicated that internally displaced women were adopting adverse coping mechanisms with some of them engaging in transactional sex.



IV.2. PEACE

IV.2.1. KEY CONDITIONS AND TRENDS

Governance Transformations

Ethiopia is currently going through political reforms that have profound and far-reaching implications for its future. It is critical to understand the country's historical context in order to appreciate the depth and extent of the reforms.

Ethiopia is one of the only two countries in Africa⁵⁶ that was never colonized by a European country. The country was governed as a monarchy until 1974 when a military uprising removed then Emperor Haile Selassie. Upon his ascension to power,

Colonel Mengistu Haile Mariam installed a Marxist-Leninist government, which was formalized through the 1987 Constitution when the country became formally known as the People's Democratic Republic of Ethiopia, and it became a one-party state ruled by the Workers Party of Ethiopia. The country experienced various forms of political repression and violations of human rights, which resulted in the formation of various insurgent opposition.

In 1991 the insurgents' forces converged on Addis Ababa and formed a transitional government with the late Meles Zenawi as the transitional president. They agreed to draft a new constitution within two years, and also decided that *Eritrea* should be given its independence through a national referendum to be held in mid-1993.

The Ethiopia People's Revolutionary Democratic Front (EPRDF) won the first multiparty elections held in May - June 1995. An Executive Prime Minister was appointed with honorary President as head of state and the Council of the People's Representatives as the highest authority of the federal government. The Council of Federation with 155 seats has the power to interpret the Constitution. Prime Minister (PM) Meles Zenawi assumed the highest political office of the country until he died in August 2012, succeeded by Hailemariam Desalegn.

Following mass protests and civil unrest that started in 2016, Hailemariam Desalegn resigned as Prime Minister and *EPRDF* chairperson in February 2018. Dr. Abiy Ahmed was elected by Parliament as PM in April 2018. The current PM has since launched a widely commended programme of political and economic reforms, among which are:

- Agreeing to bring an end to the state of tension with Eritrea by complying with the terms of the Algiers Agreement and establishing a framework for economic, law enforcement and security cooperation;
- Pursuing large-scale *privatization of state-owned enterprises* and committing to the liberalization of several key economic sectors, a landmark shift in the country's state-oriented development model;
- Appointing women to high positions, including the state presidency, half of the cabinet, and as president of the supreme court;
- Repealing and replacing of restrictive federal legislation such as the 2009 Charities and

⁵⁶ The other one is Liberia

Societies Proclamation by the 2018 Civil Society Organizations' (CSOs) proclamation, adoption of Refugee proclamation and revised Electoral Law, as well as the commitment to review the Broadcast and Media;

- Release of political prisoners and significantly expanding press freedoms.

Human Rights

The human rights situation in Ethiopia has been characterized by severe restrictions on fundamental human rights, despite the country being party to all the core human rights treaties except two.⁵⁷ The country was reviewed by the UN Committee on the Convention on the Elimination of all forms of Discrimination against Women (CEDAW) Committee in February 2019 and underwent the 3rd cycle review under the Universal Periodic Review (UPR) in May 2019 and has accepted four out of eight longstanding requests for visits from Special Procedure mandate holders.⁵⁸ At the time of writing, Ethiopia has four overdue reports to the UN Treaty Bodies, while preparations are underway to submit reports under the Committee on the Elimination of Racial Discrimination (CERD), the International Covenant on Civil and Political Rights (ICCPR) and the Convention Against Torture (CAT).⁵⁹ The systematic follow-up and implementation of recommendations from human rights mechanisms continues to be a gap with the National Mechanism for Reporting and Follow up coordinated by the office of the Attorney general, and is still in need of strengthening.

The Constitution contains key human rights provisions and recognizes human rights treaties ratified by Ethiopia as forming an integral part of the law of the land. A National Human Rights Commission and institute of the Ombudsman were established in the early 2000 as stipulated in the constitution, though they have yet to fully meet applicable national and international standards in discharging their mandate. The establishment of the Ethiopian Human Rights Commission (EHRC) is

currently under review as part of its broad-based reforms. The Government has made efforts to supplement and support the implementation of human rights commitments through specific policies and legislation, including the National Human Rights Action Plan II (2016-2020), which is aligned with the national Growth and Transformation Plan (GTP II). (See Table below).

In the recent past, the government has taken a series of commendable measures to improve the human rights landscape including through release of thousands of prisoners, including political figures, journalists and human rights advocates, as well as amendment of controversial legislations.

Low level of public trust in the justice and governance institutions continues to be a concern, including due to perceptions about their deep-rooted lack of independence.⁶⁰ The GoE reported taking measures to hold accountable alleged perpetrators of current and past human rights violations and abuses though they have yet to be thorough and credible.⁶¹ Access to, and availability of quality prevention, mitigation and response services for victims/survivors of violence, including gender-based and sexual violence, are limited. For example, the minimum age of criminal responsibility (of nine years) is among the lowest globally; putting children at considerable risk of being treated as adults when they encounter the justice system.

Other key gaps that negatively impact on the realization of human rights include:

- Lack of alignment between old laws (e.g. civil and criminal codes) and new legislations;
- Lack of subsidiary legislations and institutional arrangements to implement international and national legal and policy frameworks;
- Weak capacity and low level of public trust on democratic institutions to enforce policy and laws and programmes, including absence of monitoring and evaluation mechanisms, disaggregated data to measure the effectiveness of the legal and policy measures;

⁵⁷ The International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families (ICRMW) and the Convention for the Protection of All Persons from Enforced Disappearance (ICPPED). The country is also not a party to, *inter alia*, the Optional Protocols to the ICCPR, International Convention on Economic, Social and Cultural Rights (ICESCR), CEDAW, CAT and African Commission on Human and People's Rights (ACHPR). In the current reform, the government is considering to ratify the two core UN Human Rights Treaties.

⁵⁸ Special Rapporteurs (SRs) on freedom of opinion and expression; adequate housing, peaceful assembly and association, education, torture, foreign debt, religion, summary executions, and the Working Group on arbitrary detention.

⁵⁹ ICERD, ICESCR, ICCPR and CAT.

⁶⁰ UN and AU Human Rights Mechanisms have consistently pointed out the challenges.

⁶¹ Annual report to the Parliament by the Prime Minister on 1 July 2019 where the number of those recently arrested including for human rights abuses and violations were listed. No comprehensive data is available yet.

- Absence of a credible transitional justice process to deal with past abuses/violations;
- Recurrent inter-communal violence resulting in loss of lives and internal displacements, in various parts of the country.

Despite ongoing positive efforts, there is a high number of prison population, detention places that do not meet international standards, including overcrowding, inadequacy of alternatives to detention and the practice of holding child and young offenders together with adults (only one child-specific facility in Addis Ababa), low age of criminal responsibility (age 9), rape within marriage not seen as a crime, poor prison management and lack of knowledge and expertise of prison staff, etc.⁶²

The GoE is taking measures to adopt proclamation to prevent and punish hate speech and disinformation. Of note is the killing of senior Government officials in June 2019, which led to the arrest of journalists and activists, over their alleged involvement in these incidents and who are suspected to have violated the controversial Anti-Terrorism legislation.⁶³ The disturbance that led to loss of lives, bodily injuries and destruction of property at different places in the Oromia Regional State in October 2019, following the reported alert by a renowned social media activist to supporters about being in danger, has also been of concern. Ethiopia also needs to step up its efforts towards a more systematic realization of economic, social and cultural rights as reflected in some of the indicators below.

⁶² Draft UNODC Assessment of the Federal Prisons of the Federal Democratic Republic of Ethiopia (2019)

⁶³ The government describes these incidents as a failed coup d'état. Amnesty International and CPJ also shared their concerns regarding these imprisonments in statements released on 9 July 2019. Some of those arrested have been released on bail at the time this report was prepared.

⁶⁴ EPHI, FMOH (2018). Service Availability and Readiness Assessment (SARA).

TABLE 2: Ethiopia's human rights situation in relation to selected SDGs

SDG 1	Right to an adequate standard of living	Rising income inequality, forced evictions and lack of adequate compensation. Lack of participation of various segments of the society in development prioritization. Disparities in economic growth among regional states.
SDG 2	Right to adequate food	More than eight million people need food assistance, due to recurrent drought, conflict, and depletion of natural resources and assets.
SDG 3	The right for health; Universal Health Coverage: "all people have access to the health services they need, when and where they need them, without financial hardship".	<p>In 2018, only 55 percent of all health facilities excluding health posts were ready to provide general health services, the other 45 percent lacking either equipment, staff, and/or essential medications.⁶⁴ Approximately 70 percent of women report having at least one problem in accessing health care such as getting money for advice or treatment (55%), distance to health facility (50%), and getting permission to go for treatment (32%).</p> <p>A 2016 EDHS survey indicates that Ethiopia is at 40 percent of the UN recommended standards for the availability of Emergency Obstetric Care facilities per 500,000 population. Less than 5 percent of the population is covered by any form of health insurance. According to the same report, there is still a high unmet need for family planning for currently married and sexually active unmarried adolescents and young people in Ethiopia which is 20.5 percent and 18.5 percent for those 15-19 years and for those 20-24 years, respectively. In the same report, about 13 percent of adolescent girls in the age group of 15-19 years of age in Ethiopia were found to have begun childbearing. Ethiopia lacks a healthy aging strategy. There is also a lack of equitable access to health services in Ethiopia.</p>
SDG 5	Elimination of all forms of discrimination against women	Significant gender barriers generally render low status for girls and women in Ethiopia, due to harmful social norms and traditions that manifest in child marriage and Female genital mutilation (FGM), among other discriminatory practices such as not criminalizing rape within marriage.
SDG 8	Right to work and to just and favourable conditions of work	Despite enhanced focus under GTP II, the manufacturing sector was unable to provide the amount of decent jobs envisioned in the plan. Instead it has been marked by a large gender wage gap and human rights abuses in particular against women and children.
SDG 11	Right to adequate housing	Only 30 percent of the current housing stock in the country is in a fair condition, with the remaining 70 percent is in need of total replacement. Access to safe drinking water is 49 percent countrywide, while only 20.7 percent of the population has access to adequate sanitation.
SDG 16	Peaceful and inclusive societies, access to justice for all and effective, accountable and inclusive institutions	More efforts are required for the effective prevention and protection of children from all forms of violence and trafficking. Low age of criminal responsibility (age 9) is amongst the lowest globally. Greater emphasis is needed on the promotion of the rule of law and justice for all, including for the most vulnerable individuals and groups. Ethiopia's civil registration and vital statistics system was established in 2016; 3 percent of children under 5 have their births registered with civil authorities (among the lowest globally).

Conflict Dynamics and Impacts

Although Ethiopia has experienced and managed or suppressed various skirmishes along ethnic lines in the past, usually over access to land and/or resources, these tensions increased in intensity since 2018. Protests erupted in 2014 and 2015, triggered by the Addis Ababa Master plan, which raised concerns of displacement of farmers around Addis. The plan proposed to expand the municipal boundaries of Addis Ababa twentyfold in order to manage the capital's rapid growth.⁶⁵ Furthermore, the government was faced with various small-scale armed insurgent groups, including serious conflict dating back to 2007, notably (i) between the Oromo National Liberation Front (ONLF) and the Ethiopian army, and (ii) violence by the Somali Region Liyu police since 2009.

New reforms, including opening up of political space has allowed Ethiopians to express long-standing grievances, often over land, border demarcations, access to state resources, and perceived discrimination against their community or ethnic group, without fear of retribution. In some places, this has resulted in serious human rights violations and abuses, score-settling, eviction of rival groups from land and housing, and open conflict between ethnic groups. Large scale internal displacement occurred in many parts of the country, estimated to be 3.2 million people, facing repercussions to their health in physical, emotional and social wellbeing. Challenges the IDP population face include loss of house and property, limited access to access to health care, access to education, access to protection services (regarding violence) and very limited access to clean water and sanitation. The risk of disease outbreaks as well as malnutrition amongst these populations is high, but resources for adequate prevention and response are exceedingly limited.

Peace agreements between the government and the Oromo Liberation Front (OLF), Ginbot 7, and the Ogaden National Liberation Front (ONLF) were finalized in August and October 2019, although the terms of these agreements have not been made public. Despite the latter, an offshoot of the OLF called *OLF Shene* continues to be engaged in low key conflict with government in Western Wollega. In Somali region, the International Committee of the

Red Cross (ICRC) was invited back to the region for the first time in 11 years and was able to resume its operations.

Taking into account ongoing politically sensitive controversy over administrative boundaries in different parts of the country, including in the capital, the GoE has established the Administrative Boundaries and Identity Issues Commission in December 2018. The Commission's core mandate is to make recommendations to parliament and to the PM through an analysis of the "causes of administrative boundaries conflicts, self-government and identity issues."

Regional and Transboundary Issues

Ethiopia is a member of the Intergovernmental Authority for Development (IGAD), but has not joined the East African Community (EAC).⁶⁶ In March 2019, Ethiopia ratified the African Continental Free Trade Area (AfCFTA), which aims to create a single tariff-free continental market for goods and services, as well as a customs union with free movement of capital and business travelers. The *Ethiopian Airline* flies to over 58 destinations in Africa.⁶⁷ This presents an opportunity for the country to position itself as the continent's trade hub.

Ethiopia's geopolitical location makes it very vulnerable to conflict and instability. An Intergovernmental Authority on Development (IGAD) report noted that the Horn of Africa is also characterised by inter-state conflict and political tensions, in which conflict in one country is linked to political undercurrents in another. In most countries of the region, legacies of longstanding mistrust have bred internal strife and perceptions of marginalization, especially in the borderlands. This has generated severe humanitarian needs, which habitually spill over national boundaries and exacerbate or foment new conflicts. Indeed, every country in the region is either in active armed conflict or borders at least one country experiencing armed conflict, or its internal politics are influenced by other regional developments. The stability of some countries is regularly eroded by routine democratic exercises such as elections, revealing the extent of fragility and the looming possibility of relapse into conflict⁶⁸

⁶⁵ <https://www.hrw.org>

⁶⁶ EAC has six member countries – Burundi, Kenya, Rwanda, South Sudan, Tanzania and Uganda

⁶⁷ UNECA (2018), Ethiopian Airlines promotes regional integration (www.uneca.org)

⁶⁸ Horn of Africa Strategy, Intergovernmental Authority on Development, p 3

The region is one of the epicenters of internationalized efforts to curb terror and violent extremism, a base for the humanitarian operation in Yemen, an investment destination, and a site for inter-state military, commercial and diplomatic competition. Between 2004 and 2011, the Sana'a Forum was established, bringing together Djibouti, Ethiopia, Somalia, Sudan and Yemen, and marked a first attempt to link the two sides of the Red Sea.⁶⁹ Similar attempts to create a Red Sea Forum or a governing entity in the Red Sea and the Gulf of Eden have recently been made by Egypt and Saudi Arabia, respectively. Multilateral institutions and regional and sub-regional organizations, such as the African Union (AU), African Development Bank (AfDB), World Bank, Islamic Development Bank (IDB), the European Union (EU) and IGAD, have also established their respective programmes, seen as a renewed interest in the region. This interest is engendering a new debate about which country, region or entity, if any, has the legitimate and internationally recognized obligation to exercise control over and provide security in the Red Sea and its surroundings.

There is a perception that the region is split between multiple affiliations, namely IGAD and the East African Community (EAC), and between the Horn of Africa and the Arabian Peninsula – three members of IGAD are also members of the League of Arab States (LAS), which divides up membership interest and strategic directions.⁷⁰ The increased opening of the government in diplomacy has also rejuvenated discussions on the merger of the EAC and IGAD, and on the possibility of creating a new smaller Horn of Africa Economic Community.

Shared Natural Resources

Recurrent droughts exacerbate existing conflicts over scarce natural resources in certain parts of the IGAD region, including in parts of Ethiopia, South Sudan and Somalia. Particularly freshwater scarcity is an emerging and transboundary issue. Most of the Horn's available water resources exist in rivers shared by neighboring countries. Three issues that are increasingly driving domestic policy around shared water resources are population growth, economic activity along the river basins and food security. These will in turn affect the available water in the shared river basins like the Nile, Omo, Baro, Juba and Shebelle, which could increasingly impact

households' resilience. These developments will, moreover, impact on labour market dynamics, both as a result of changing livelihoods and greater migratory movements.

So far there is no regional integration and effort to mitigate the challenge of Lake Tana that is invaded with water hyacinth, exemplary of the approach that attaches minimal emphasis on cooperation but rather on equitable use of transboundary water resources. Ethiopia and Somalia have functional diplomatic relations but have no past agreements on common utilization of the Juba-Shabelle basin in these two rivers. In March 2017, the two countries' water ministries exchanged communication expressing desire to work together. This was started as a riparian response to an Urban Water supply and sanitation project from the Ethiopian side.

The Council of Ministers on Water Resources from the intergovernmental Authority on Development (IGAD) in January 2015 adopted a Regional Water Resources Policy, with the objective of: (i) ensuring sustainable management and utilization of Transboundary Water Resources, (ii) provide for institutional arrangements (iii) encourage cooperation amongst riparian states, and (iv) facilitate joint information collection, planning and data sharing on planned measures. Currently IGAD is working on legally binding protocol that outlines the obligation of IGAD Member States to equitably and reasonably utilize trans-boundary water resources within their territories.

IV.2.2. CHALLENGES AND OPPORTUNITIES

Governance Shortfalls

The government's political reforms have opened up space for wider citizens' participation, it also allowed citizens to voice their concerns much more boldly, including at times resulting in violent ethnic-based intercommunal conflict and civil unrest that have become a source of concern. Political rivalries among members of the ruling Front (EPRDF), polarized opposition politics, hate speech influenced social media activism and high level of unemployment, among others, have complicated the political transition in the country. The recent referendum held in sidama zone of the SNNPR (Nov

⁶⁹ Horn of Africa strategy, Intergovernmental Authority on Development (IGAD), p 5

⁷⁰ Ibid, p 4

2019) to address their quest for becoming a standalone regional state, as well as the list of applications for the same from other ethnic groups under the SNNPR, have tested the federal system and complicated the ongoing transition in the country. The steps being taken by the members of the ruling coalition to merge as one party are also transforming the political landscape of the country to uncharted waters.

The issue of the upcoming elections is of major concern from two perspectives. Firstly, security problems, internal displacements, and ethnic conflicts in almost all regions could impact on the holding of timely, free and fair elections. Secondly, if elections were to be postponed for those reasons, this could also trigger conflict and civil unrest, as concerns regarding the legitimacy of the government beyond its election term are routinely raised by key political actors in the backdrop of polarized political discourses, including hate speech, both online and offline.

On governance challenges, leakages from corruption will result in less taxable income and translate to less available State revenue for government expenditures to deliver essential services, disproportionately affecting those in vulnerable circumstances. In this respect, it is critical for the GoE to revisit existing legal, institutional and policy arrangement/approach to make significant progress in the fight against corruption.

As cited earlier, the low level of public trust in the justice and governance institutions continues to be a concern, including due to perceptions about the institutions' deep-rooted lack of independence.⁷¹ In addition, there is an increasing tension between the Federal government and Regional governments and the recent government's transition towards a more open and democratic space to promote citizens' participation.

The UN has the capacity to provide technical support the Government of Ethiopia in improving governance policies, systems, mechanisms, and strengthening improving the technical and management capacity of public officials at the federal and government levels.

Conflict, Insecurity and Instability

The development gains made by Ethiopia over the past decade require changes in its legal, policy and

governance frameworks in order to be sustained and benefit the many in the face of demographic growth and climate change which are placing greater burdens on resources and traditional livelihoods. The bold reform agenda carried out by Prime Minister Abiy Ahmed is shifting the foundations of the one-party state system in place since 1991. The new reforms are opening the political space and allowing long-standing grievances over land, border and boundary demarcations, the distribution of state resources, ethnic or community group discriminations, and human rights violations to come to the fore. The underlying causes of conflict can be split into three main categories:

Ethnic Federalism. The overhaul of the security apparatus, peace with Eritrea, release of political prisoners and inviting political exiles to return home were all bold and necessary steps taken by Prime Minister Abiy in his first 18 months in office to maintain the country on its upward development course. These have however inadvertently weakened the country's ruling coalition (EPRDF). The four political parties composing the EPRDF (i.e., the Amhara Democratic Party; Oromo Democratic Party; Southern Ethiopian People's Democratic Movement and the Tigray People's Liberation Front) have increasingly disagreed, sometimes publicly, over power-sharing, regional autonomy and territory. The EPRDF's inner turmoil has proven to be a window of opportunity for smaller ethnic groups to renew their pleas for autonomy with 12 registering their intent to hold a referendum and one succeeding so far – the Sidama people forming Ethiopia's 10th autonomous federal region. These pushes for greater autonomy have at times been accompanied by targeted attacks against those perceived to be not part of the dominant ethnic group in the localities thereby leading hardening of lines by regional EPRDF parties and interventions by federal security forces. The rise of ethno-nationalisms, beefing up of regional militias and the flouting of federal orders has led to a breakdown of the rule of law in certain areas as well as to a worrying arms race⁷². Weak democratic culture and practice has also meant that relevant institutions were not up to the task of managing the tensions which, in turn, is negatively impacting the progress of the political reforms that the government is trying to carry out. The long awaited and lauded liberalization of the press and freedom of expression has opened up opportunities for citizens to have a say on public issues, including

⁷¹ UN and AU Human Rights Mechanisms have consistently pointed out the challenges.

⁷² Semir Yusuf. November 2019. "What is driving Ethiopia's ethnic conflicts?"

the way they are governed. However, the latter has also contributed to further polarization in political discourse, as well as a rise in hate speech and disinformation, adding fuel to the fire.

Institutional capacity. The pace of the reforms carried out by the new administration are not only leaving federal institutions trailing but have also exposed the underdeveloped state of sub-national institutions and the legal frameworks that govern them. The federal institutions tasked to deal with border/boundary, resource-based or ethnic conflicts (such as the new Administrative and Boundary Commission or the Ethiopian Reconciliation Commission, revamped Ministry of Peace, and existing House of Federations) have been unable to play a decisive role in managing and resolving conflicts, due to the aforementioned issues that have crystallized in an unclear division of responsibilities and overlapping mandates. Regional administrations, which have been under resourced, deprived of decision-making power, and affected by corruption and patronage, are unable to meet their citizens' social service, justice and security needs. Moreover, the lack of checks and balances, accountability, and transparency of federal and regional institutions is feeding a widening gap in the social contract. Civil society organizations are still unable to unite across ethnic and regional lines to rally people from diverse backgrounds in favor of common goals (such as peace) and counterbalance ethno-federalist political parties' tendencies to get locked in security dilemmas⁷³.

Demographic Growth, Climate Change, and Economic Growth. As a backdrop to its political and governance issues, Ethiopia is also grappling with three structural environmental, economic and social challenges.

Climate change has disrupted weather patterns and increasing droughts and floods, diminishing the amount of water and land available for pasture and cultivation. In turn, this has led to diminishing herd sizes and agricultural yields, leaving 80 percent of the households who rely on these livelihoods with less income and at times even insecure. More so, the dwindling traditional livelihoods are pitting poor rural families against one another in a scramble over scarce resources, leading to violent conflict and,

increasingly more permanent, displacements from rural to urban areas.

While over two million jobs are required annually to absorb high school and university graduates, one million jobs are generated, and most are temporary jobs in construction and public works. Lack of employment opportunities drives internal and outward migration, thereby triggering inter-communal tensions/conflict.

Ethiopia has a rapidly growing population resulting in increasingly small household subsistence agricultural plots. Access to, and entitlement of land have triggered a number of ethnic tensions that resulted in displacements such as those experienced in 2018 in Gedeo and West Guji⁷⁴. Increased urbanization also fuels tension as populations move within and across regions for perceived better access to social services and employment opportunities. Overall lack of security of land tenure and need for land reform have driven an informal land market that is ripe for political and inter-ethnic exploitation, and a further trigger for conflict and violence.

Ethiopia hosts over 720,000 refugees⁷⁵ who were forced to flee their homes as a result of insecurity, political instability, military conscription, conflict, famine and other problems in their countries of origin. The influx of refugees to Ethiopia continues, with over 88,000 new arrivals so far in 2019. While this puts a strain on existing resources and services, the CRRF approach puts a strong emphasis on supporting host communities, national systems and the promotion of peaceful coexistence with local communities, bringing additional resources. Additional financing related to development outcomes for refugees and host communities should be increasingly leveraged jointly by the UN system.

Despite the remarkable achievements of its Developmental State model which have guaranteed steady economic growth rates, Ethiopia remains one of the poorest countries. The country's rapid demographic growth, combined with the challenges to generate enough jobs for the three million young people entering the job market every year, rural exodus, internal displacements and declining traditional livelihoods, has created a huge number of underemployed or unemployed people. Together, these three factors continue to constrain the human

⁷³ *idem*.

⁷⁴ UN joint team on conflict analysis, p 6

⁷⁵ As of 30 November 2019. <https://data2.unhcr.org/en/country/eth>

security of most Ethiopians, weakening the social tissue, and leaving sections of the population – youth in particular - vulnerable to more radical narratives and pathways to better their conditions.

Neglected Transboundary Issues

The challenge for Ethiopia is about how to position itself well to benefit from this geopolitical complex, especially as it is a land-locked country (see Figure below) and relies on Djibouti for nearly 97 percent of its imports. However, the rapprochement with Eritrea is likely to give it access to Eritrean ports, while the UAE's development of Berbera in Somaliland will give it another crucial option.

Middle Eastern states are accelerating their diplomatic relationship, including physical presence, in the Red Sea corridor and Horn of Africa. Some raise the concern of unbalanced relationship and highlight shifting alliances between horn of Africa countries themselves and with middle Eastern and other countries in the world. Economic interest and larger role in international relations are the key variables determining diplomatic relations in the sub-region, at times causing tension and rivalries.

The Horn of Africa is an active migration zone, characterized by what is considered as “mixed” migration – or the movement in which a number of people are travelling together, generally in an irregular manner, using the same routes and means of transport, but for different reasons.⁷⁶

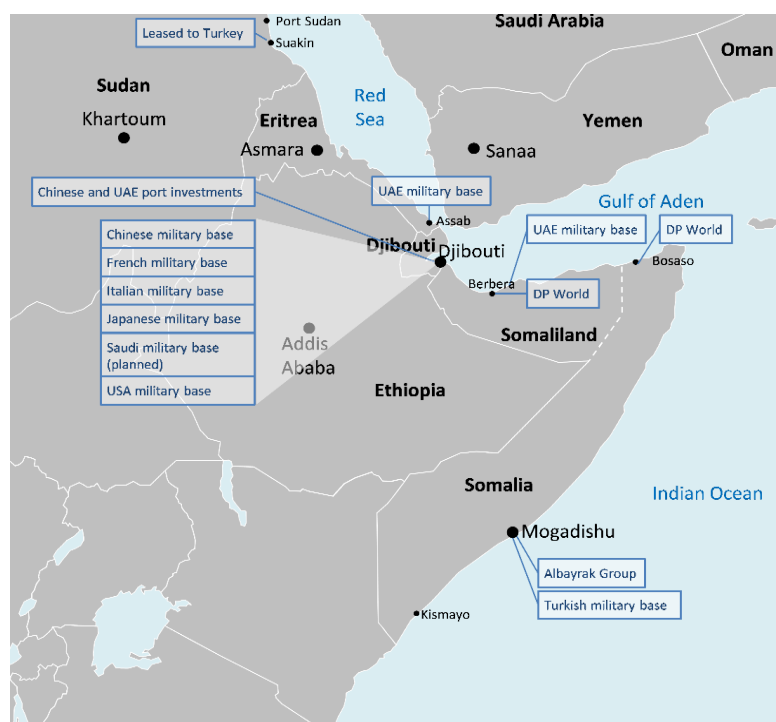
Cross-border movement by the pastoralist population, as well as refugee movement of refugees and asylum seekers poses many health related concerns, including: (i) difficulty to ensure access to immunization services, with heightened risks for transboundary spread of infectious and or fatal diseases in humans and zoonotic diseases, disproportionately affecting children and other groups in vulnerable situation; (ii) inadequate availability of, and utilization of data on population movement, which constrain health service program planning and implementation; and (iii) smuggling of poor-quality and/or counterfeit medicines with negative repercussions for possible increase in anti-microbial resistance and increased mortality. One way forward can be the establishment of

transboundary livestock and zoonotic diseases surveillance and control services in border areas could prevent the problem.

The management of shared natural resources across borders exerts both positive and negative effects on inter-state relations. On one hand, the inability to collaboratively manage these resources for the common good of all states risks in triggering inter-state conflict. Conversely, effective management of shared natural resources can provide good avenues to cement relations for the common good.

The UN has the capacity to provide technical advice and support to the Government of Ethiopia in the formulation of policies, plans, systems, mechanisms, sharing knowledge on “good” practices, strengthening institutional and human resource capacity, and support to data generation and analysis to help address trans-boundary issues.

⁷⁶ Over half (51 per cent) of these mixed migrants are moving from, but also within, the Horn of Africa, followed by about 36 per cent whose movements are towards the Gulf Cooperation Council countries on the eastern route – through Djibouti, Somaliland and Puntland. Smaller movements are being tracked along the Southern Route (to South Africa) and the Northern Route (to Egypt and Israel), about 8 and 5 per cent, respectively. (<https://www.iom.int/news/iom-trends-analysis-most-horn-africa-migrants-move-within-region>)

FIGURE 3: Map of the Horn of Africa with foreign military bases and port operations

Source: *Ports & Power: The Securitisation of Port Politics*

IV.3. PROSPERITY

IV.3.1. KEY CONDITIONS AND TRENDS

Poverty and Inequality

Ethiopia has made significant progress in reducing the monetary poverty rate from 45.5 per cent in 1995 to 23.5 per cent in 2016.⁷⁷ The Gross Domestic Product (GDP) per capita rose from US\$ 129 in 2000 to US\$ 863 by 2017.⁷⁸ Though Ethiopia is still among the low-income economies in the world with a GDP per capita of \$1,794 in Purchasing Power Parity (PPP) terms in 2018⁷⁹, its economic growth has been on an upward trajectory over the past decade. Despite the drop-in percentile shares of absolute poor, the actual number of people that crossed the national poverty line over the two decades was only two (2) million; i.e. from 26.1 million to 24.1 million. With the current average annual population growth of 2.5 per cent, achieving zero poverty by 2030 will

be very challenging.⁸⁰ The rate of decrease of poverty in recent years has been slower in rural areas compared to urban areas and the gap between rural and urban poverty is still large with poverty headcount ratio assessed at 25.6 percent for rural areas and 14.8 percent for urban areas. The food poverty headcount index is found to be 24.8 per cent in 2015/16, but again with a marked disparity between urban and rural areas (27.1 per cent in rural versus 15.2 per cent in urban areas). While monetary poverty has been decreasing slowly, nine out of 10 children (or 36.2 million Ethiopian children) lack access to essential services.

Inequality trends measured using the Gini Coefficient based on household consumption expenditure show an expanding gap between the poor and non-poor, especially after 2010/11. The Gini Coefficient at national level was about 0.3 in 1995/96 and 2010/11 but rose to 0.33 in 2015/16. Gender and geographical inequalities are large. For example, the Gini coefficient for urban areas was 0.37, while it was 0.27 for rural areas in 2015. This

⁷⁷ GoE, NPC (2017a). Ethiopia's Progress Towards Eradicating Poverty. An Interim Report on 2015-2016 Poverty Analysis Study.

⁷⁸ UNDP Ethiopia, (2018b). National Human Development Report 2018.

⁷⁹ World Bank, (2017). Ethiopia GDP per capita PPP (<https://tradingeconomics.com/ethiopia/gdp-per-capita-ppp>; last accessed on 11 November 2019).

⁸⁰ CDRC, (2019).

may imply that the benefits of economic growth witnessed in the intervening years have not been evenly spread.

Gender inequality is quite high overall and manifested as well in the employment sector. According to the 2016 EDHS, nearly half of married women (48 per cent) were employed at any time in the past 12 months, compared to 99 percent of married men, and 58 percent of working women reported earning less than their husbands. Economically active women are disadvantaged compared to men, in terms of the type of employment, earnings and potential for growth. While real data on gender earnings gap is not available, data on mean amount of monthly payment shows consistently and significantly lower pay for women compared to men (on average women are paid half as much as men).⁸¹ Another disadvantage comes from the low potential for career development from existing employment opportunities for women. This is reflected in a wide gender gap with respect to women's participation in decision-making; for example, the number of seats held by women in national parliament was 38.8 per cent in 2017 (the highest over the last 20 years).⁸²

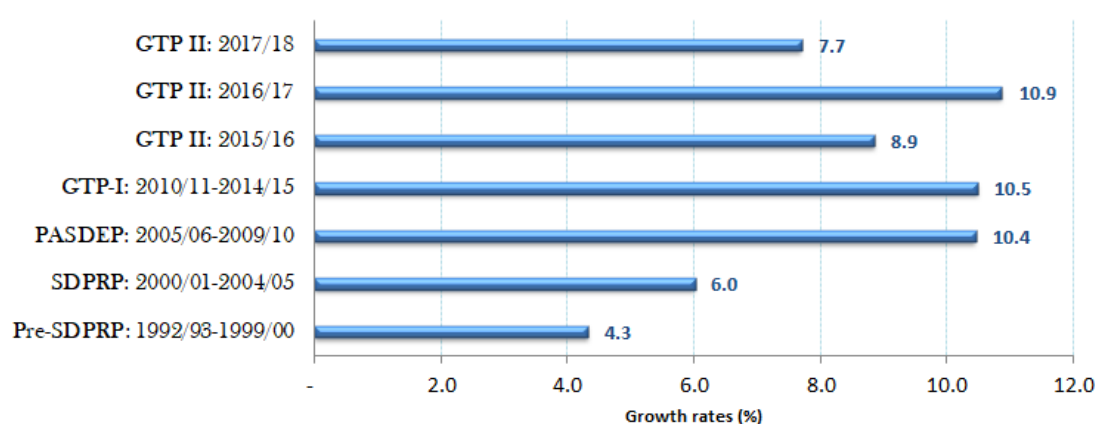
Promoting the employment of women and equal earning, with men and women empowerment has been found to improve the overall economy⁸³ and also to contribute to the improvement of social indicators.⁸⁴ The finding of a study conducted by UN

Women and IMF suggests that eliminating gender gaps in both educational attainment and formal employment could increase output in Ethiopia by over 24 percent.⁸⁵ Recent estimates show that human capital wealth could increase by 21.7 percent globally, and total wealth by 14 per cent with gender equality in earnings. The other study in areas of agriculture shows that the country will get 203.5 million USD contribution to its GDP if it closes the gender gap in agricultural productivity.⁸⁶

Macroeconomic Performance

Between 2004 and 2018, Ethiopia's average annual economic growth was 10.4 percent (see Figure below), which is more than twice the 4.6 percent average growth rate of Sub-Saharan Africa. Real GDP growth slowed to 7.7 percent in 2017/18 due to civil unrest, political uncertainty, and policy adjustments that involved fiscal consolidation to stabilize the public debt. According to the African Development Bank, GDP growth was driven by services (8.8% growth) and industry (12.2%), facilitated by the development of energy, industrial parks, and transport infrastructure.⁸⁷ On the demand side, private consumption and investment continued to drive growth, along with the government's stable spending on public infrastructure and strong foreign direct investment inflows. Moreover, a reduced trade deficit and strong growth in remittances helped improve the current account deficit from 8.1 percent

FIGURE 4: Ethiopia's average annual GDP growth 1992 – 2018



⁸¹ CSA and UN Women, (2017). Gender Statistics.

⁸² www.iu.org.

⁸³ World Bank (2018). The Cost of Gender Inequality. Unrealized Potential: The High Cost of Gender Inequality in Earnings.

⁸⁴ MoWCY and UNICEF (2019). Gender Equality, Women's Empowerment and Children's Wellbeing in Ethiopia (*Forthcoming*)

⁸⁵ Women and the Economy in Ethiopia, IMF Country Report no. 18/355,

<https://www.imf.org/en/Publications/CR/Issues/2018/12/04/The-Federal-Democratic-Republic-of-Ethiopia-Selected-Issues-46435>

⁸⁶ UN Women and Ministry of Agriculture (2017). Report on Cost of Gender Gap in Agricultural Productivity, Assessment.

⁸⁷ <https://www.afdb.org/>

of GDP in 2016/17 to 6.0 percent in 2017/18. However, gross official reserves remained low, at 2.5 months of imports in 2016/17 and 2.1 months in 2017/18.⁸⁸

In addition, according to World Bank data and a 2018 debt sustainability analysis, the high public debt-to-GDP ratio of close to 60 percent in 2018, puts Ethiopia at high risk of debt distress.⁸⁹ Consistent with the rest of Africa, Ethiopia's total public debt declined significantly from about 80 percent of GDP in 2005 to about 38 percent in 2009, following the Enhanced Heavily Indebted Poor Countries and Multilateral Debt Relief Initiatives. However, the debt profile has since been increasing owing to the heavy borrowing for infrastructure development. On the positive side, the GoE has designed a tax reform programme to strengthen tax policy and administrative efficiency.

In addition to reducing poverty, Ethiopia also improved some of its social indicators. Under five and infant mortality declined from 166 and 97 deaths out of 1,000 live births in 2000 to 67 and 48 deaths in 2016, respectively; mean and expected years of schooling increased by 1.2 and 5.4 years, respectively. GNI per capita also increased by about 165 percent⁹⁰ reflecting the country's GDP growth of the last two decades (see Figure below), which resulted in increase of life expectancy at birth by 18.8 years to 65.9 years between 1990 and 2017.⁹¹ Nevertheless, marginalised groups and poor people have been disproportionately affected by a high inflation rate and a subsequent decline of purchasing power of the birr with – a nine-fold increase in general prices (food prices increased by 7 times and non-food prices by seven) over the past 15 years.

Agriculture and Food Security

Agriculture. More than 80 percent of Ethiopia's population lives in rural areas that are mainly dependent on rain-fed agriculture for their livelihood, including mainly crop and livestock production. Out of the total arable land of 513,000 km² (45 per cent of the country's total land area), about 30 percent is estimated to be cultivated. The effects of

unpredictable rain and other shocks can therefore be devastating; in 2018, more than 3 million people were displaced from their homes due to conflict and drought, in search of food and other means for livelihoods. Agriculture contributes 78.5 percent of export earnings and is crucial for input provision to a growing agro-food manufacturing industry (accounting for 36% of value added in manufacturing)⁹². Furthermore, agricultural growth is particularly potent in bringing down poverty as for every 1 percent in agricultural output, poverty is estimated to be reduced by 0.9.

The dominant subsistence farming practices is highly prone to climate change and weather adversity such as droughts and floods which have been recurrent problems over the last one to two decades. A moderate drought in Ethiopia reduces growth in agricultural incomes by 15 percent on average and increases poverty by 13.5 percent.⁹³ According to some UN studies, "...agricultural wage labour is primarily the domain of the poor; its share of rural household income is generally the highest in the poorest household quintile and especially in countries with a strong agricultural base, such as Ethiopia, Malawi and the United Republic of Tanzania".⁹⁴

Since agriculture is vital to the Ethiopian economy, its development has significant implications for ensuring food security and poverty reduction. Drought is one of the main drivers of poverty, food insecurity and malnutrition. In particular, women and rural youth face higher risk of poverty due to constraints in accessing land and productive agricultural inputs.

Food Security. A large portion of the Ethiopian population has been affected by chronic and transitory food insecurity in the past couple of decades. A total of 20.5 percent of the households (HH) were food insecure; while 19.8 percent of the food insecure HHs were moderately food insecure⁹⁵. In 2015/16, food cost constituted 52.3 percent of the household expenditure at national level, while it was higher in rural areas (55.8%). Urban residents spend 44.8 percent of their expenditure on food (CSA,

⁸⁸ African Economic Outlook, 2019, African Development Bank

⁸⁹ World Bank. 2018. Ethiopia - Joint World Bank-IMF Debt Sustainability Analysis : 2018 Update (English). Washington, D.C. : World Bank Group.

⁹⁰ UNDP (2018) Human Development Indices and Indicators 2018 statistical update.

⁹¹ Ibid.

⁹² Ethiopia's Agriculture Sector Policy and Investment Framework (2010-2020): External Mid-Term Review October 2015

⁹³ Joint UN analysis team: Resilience

⁹⁴ FAO, (2017). The State of Food and Agriculture, pg. 87

⁹⁵ WFP, CSA, 2016, *Comprehensive Food Security and Vulnerability Analysis*.

2018). The 2016 data on food availability indicates that Amhara Region experienced the highest percentage of food insecure households (36.1%), followed by Afar (26.1%) and Tigray (24.7%). Nearly 22.7 percent of rural households and 13.9 percent of urban households were food insecure.⁹⁶ Rural households are more food insecure than urban households according to all indicators except calorie deficiency. Urban HHs still experienced a high level of food insecurity (14 per cent) showing that food insecurity is also an urban phenomenon related to increased urban unemployment.⁹⁷ Poorer HHs experienced food insecurity more than the non-poor HHs. The Government estimates that 7.88 million people will need food assistance in 2019.⁹⁸

The proportion of the population that is undernourished was 20.6 percent (2016-2018), affecting some 21.6 million people, and having decreased from 24.5 percent (2013-2015), affecting some 23.8 million. Being an SDG 2 indicator, undernourishment – as defined by FAO - measures the proportion of the population whose habitual food consumption is insufficient to provide the dietary energy levels that are required to maintain a normal active and healthy life. It is worth noting, that despite the slight increase in the prevalence of undernourishment in East Africa in 2016-2017 with an average prevalence of 31.5 percent, the prevalence of undernourishment in Ethiopia kept declining below the sub-regional prevalence.

The average food intake per adult at national level increased by 54 % from 1,953 Kcal/adult 1995/1996 to 3008 Kcal/adult in 2015/2016⁹⁹. Urban areas have lower average energy consumption than their rural counterpart due to the rural intensive agricultural activities. There are also disparities among regions with Amhara, Tigray, Benishangul Gumuz, and Addis Ababa falling below the national average.

Nationally, only 54 percent of the HHs consumes four or less food groups out of the recommended seven. Dietary diversity (DD) is an indicator of the economic ability of the HH to access a variety of foods. Dietary diversity decreases more in rural

areas than in urban ones, and is directly proportional to wealth quintile, as HH in richest wealth quintile consume more diverse foods compared to the poorest quintiles¹⁰⁰. Cereals dominate the food consumption basket in Ethiopia, comprising more than 60.4 percent of the total caloric intake, relatively higher than the African consumption average of 50 percent.¹⁰¹

Financial Landscape

Official Development Assistance (ODA) and Foreign Direct Investment (FDI) contribute US\$4.2 billion (44%) and US\$4 billion (41%) of total international inflows in 2017, respectively. In the same year, formally sent personal remittances contributed \$393m according to the *World Bank*. There was a contraction of 18 percent in 2018, partly attributable to the intensifying civil unrest in that year. According to some reports, ODA funds mainly go to the health care and social protection sectors, while private financing is mainly concentrated in petroleum refining, mineral extraction, real estate, manufacturing and renewable energy.¹⁰²

In 2018, the tax revenue-to-GDP ratio was estimated at about 11.2 percent. On the other hand, government expenditure-GDP ratio was estimated at 17.5 percent, leading to a fiscal deficit-to-GDP ratio of 6.3 percent.¹⁰³ Furthermore, a continuously increasing External Debt/GDP ratio (32.3% in 2017/18) reflects an unhealthy dependence on external borrowing.¹⁰⁴ These macroeconomic instabilities are just manifestations and symptoms of fundamental structural problems, and illustrate that high growth is a necessary but not a sufficient condition for structural transformation; rather the quality of growth, including the form of structural change and inclusiveness, are the critical factors for sustainable transformation.

It is also noteworthy that over the past 15 years (2002-2017), non-ODA flows have been contributing the most to an increase in international finance available to the country¹⁰⁵, and FDIs are likely to

⁹⁶ The high proportion of food insecure HHs could be contributed to the two-consecutive droughts that hit the country hardest in 2015-16

⁹⁷ Comprehensive Food Security and Vulnerability Analysis, (2018).

⁹⁸ <https://www.wfp.org/countries/ethiopia>

⁹⁹ WFP, CSA, 2019

¹⁰⁰ Ibid

¹⁰¹ Ibid

¹⁰² World Investment Forum 2019, UNCTAD – OECD ODA and Non-ODA Dataset 2017

¹⁰³ IMF Country Report No. 18/354: Federal Democratic Republic of Ethiopia

¹⁰⁴ Ethiopia Public Expenditure Review (World Bank, 2016) – Debt Sustainability Analysis (IMF, 2018)

¹⁰⁵ OECD ODA and Non-ODA Dataset 2017

continue being the driver for financing key economic sectors, especially in industrial hubs and major cities. Industrial Parks were expected to result in FDI inflows exceeding US\$ 5 billion by 2019, while contributing to attract manufacturing FDIs in key export-oriented businesses. This optimistic view is partly due to the reforms embarked on by the new Prime Minister since taking office in April 2018.

Illicit financial flows and tax. The Economic Commission for Africa (ECA) estimates that Ethiopia, along with other Intergovernmental Authority for Development (IGAD) member countries lose as much as US\$ 200 million per year each due to illicit financial flows through trade mis-invoicing. In the case of Ethiopia, the loss in tax revenues due to profit shifting by multinational corporations is equal to 2.3 percent of GDP, compared to an estimated 4 percent of GDP for Eritrea and 0.8 percent of GDP for Djibouti. The report also noted that multinational corporations may be involved in massive cross-border tax avoidance schemes. For example, in Uganda, IMF data indicate that there is Kenyan investment with total value of 2.6 percent of GDP in its territory. Further FDI may be routed via investment conduit jurisdictions, such as Mauritius, which is popular for most African countries.

Corruption. According to Transparency International (TI), Ethiopia scored 34 points out of 100 on its 2018 Corruption Perceptions Index. It also reported that the Corruption Index in the country averaged 29.28 Points from 2000 until 2018, reaching an all-time high of 35 Points in 2002, and a record low of 22 Points in 2005.¹⁰⁶ Although the country has made some efforts to fight corruption in the country, it remains a significant problem as studies indicate anti-corruption policies and measures remain ineffective (Bertelsmann Transformation Index 2014). Specific to the energy sector, which is primarily focused on an aggressive expansion of electricity capacity, TI highlighted

corruption in that sector is a growing concern threatening its development.¹⁰⁷

Employment

Population growth across the IGAD region is high, offering both opportunities and challenges: a youthful population can bolster strong economic growth, but this demands flexible and dynamic labour markets able to create enough decent jobs to keep up with a fast-growing working-age population, which is not the case currently. It is estimated that in Africa alone, 11 million young people will enter the labour market every year over the next decade. However, the labour market has not been able to respond to this demand. Various studies indicate that there are approximately three million young Ethiopians entering the labour force every year who are not being absorbed into the mainstream formal employment sector; while there is also an *“imbalance between the growth of the labor force, on the one hand, and productive employment and income generation opportunities created by the economy, on the other.”*¹⁰⁸

The intense rural-urban migration¹⁰⁹ in Ethiopia is mainly attributed to push factors related to scarcity and degradation of agricultural land and the limited non-farm employment opportunities rather than pull factors related to positive dynamics in the labour market.¹¹⁰ The rate of unemployment for youth (15-29 years) in urban areas in Ethiopia (See Figure below) stands at 25.3 percent, of which the majority are female (30.9 percent) and male (19 percent)¹¹¹ and it reflects the trends¹¹² in the Horn of Africa's region.

However, some studies indicate that the industrial sector could have the potential to create many jobs provided the right conditions are put in place. Between 2005 and 2011, manufacturing and industry together accounted, on average, for 12 per

¹⁰⁶ <https://tradingeconomics.com/ethiopia/corruption-index>, retrieved on 13 Nov 2019.

¹⁰⁷ https://www.transparency.org/files/content/corruptionqas/Corruption_and_anti-corruption_in_Ethiopia%E2%80%99s_energy_sector_2015.pdf, retrieved on 13 Nov 2019.

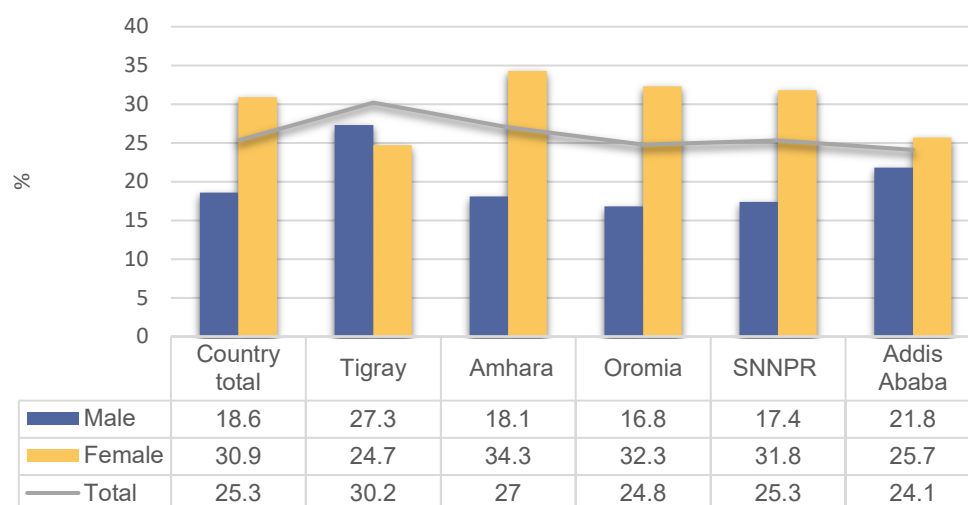
¹⁰⁸ UN joint analysis on 'Leave No One Behind', p 3

¹⁰⁹ Families are important in determining vulnerabilities as they are typically the first option for individuals who require support, particularly for children and youth. Households can also inform migration decisions. Family factors: family size, family socio-economic status and family histories of violence and substance abuse. Risk factors: inter-personal violence and a history of unsafe migration behaviours while protective factors include sufficient earnings to meet basic needs and equitable opportunities for boys and girls within the family.

¹¹⁰ Ibid.

¹¹¹ CSA, 2018, *Urban employment unemployment survey*.

¹¹² The Horn of Africa in general is characterised by high unemployment, especially among the youth, as the following data testifies. The combined population of the region exceeds 260 million people, 70 percent of whom are 30 years of age or younger, and approximately 50 percent, children. The Horn of Africa is among the youngest and most diverse regions on the African continent. Its land surface area of 5.2 million square km is 70 per cent arid or semi-arid, and agriculture is the economic mainstay, which supports 80 per cent of livelihoods in the region. The region is water-stressed, and the coming decades look grim because of climate change.

FIGURE 5: Youth Unemployment in the Major Regions in %

cent of the growth in Gross Value Added (GVA), while services accounted for 58 per cent. According to the World Bank Urban Review (2015), employment across these three sectors together made up 70 percent of value-added growth over that period and was heavily concentrated in cities, where the service sector alone already added over 200,000 new jobs annually.

The scarcity of livelihoods opportunities contributes to the increase in both internal (rural-to-urban) and international migration. GoE studies¹¹³ also show that adolescent males are much more likely than adolescent females to engage in economic activities (78 percent among 15-17-year-old males, 51 per cent among 15 to 17-year-old females). Gender norms also place high expectations on young males to contribute to the adult workload and economic activities, and girls to contribute to household tasks or child rearing, at the expense of their formal education; and sometimes at the risk of being exposed to exploitative labour, human trafficking or negative coping strategies such as child marriage.

IV.3.2. CHALLENGES AND OPPORTUNITIES

Slow Economic Transformation, Multidimensional Poverty and Inequality

Growth in the four productions sectors (manufacturing, agriculture, mining and ICT) is key to sustained economic growth and promote a structural transformation of the economy centred on decent job creation, higher value addition, and exports promotion. Ethiopia faces some structural challenges linked to strong fragmentation and weak total factor productivity. The main productivity obstacles for large firms include: (a) inadequate supply of raw materials and skilled labour; (b) weak trade logistics and standards; and (c) mismatch between the labour demand and supply, low wages, high absenteeism and turnover, limited industrial orientation and soft skills of workers mainly related to large firms. For Small and Medium Enterprises, obstacles are: (c) access to finance, (d) access to land, electricity and equipment, and (e) a cumbersome regulatory and tax regime¹¹⁴.

The lack of adequate social and economic infrastructure and services as well as rapid-but unplanned urbanization are challenges to a structural transformation of the economy because of the following factors: (i) Most of productive activities

¹¹³ Ibid.

¹¹⁴ The Ease of Doing Business Rank for Ethiopia according to the World Bank scoring system is 159

are normally realized in cities, being centres of innovation and social change, tourism, consumption hubs and catalysts of investments. Thirty eight percent of GDP is realized in cities and 15 percent of the total workforce is employed in urban areas, with urban population accounting for only 20 percent of the total¹¹⁵; (ii) There is inadequate availability of and equitable access to social services, including quality health services and quality education, and (iii) There is inadequate services in energy, telecommunications, transport, financial systems, and trade sectors.

The Government of Ethiopia's investments in Industrial Parks (IPs) and Special Economic Zones (SEZs) present an opportunity to overcome some of these challenges, by clustering for taking advantage of public infrastructure, economize costs and gain access to nearby skilled labour markets, inputs, Research and Development and education facilities as well as other critical services, while facilitating the development of targeted policy and regulatory frameworks for easing investments and the doing business environment. The development of agricultural corridors around these manufacturing hubs may facilitate agriculture-industry linkages that are required to boost productivity, increase market access and improve employment opportunities via investments, technology transfer and skills development opportunities. However, there is a need to undertake in-depth study to find out how IPs and SEZs have so far performed to meet set objectives such as industrialization, employment creation, attraction of investments, research, infrastructure development, value chain creation, and labour related challenges, etc. Findings in this respect can help in identifying gaps and shortcomings that need policy adjustments or re-strategizing.

To be able to address multidimensional poverty and deprivations, the country would need to accelerate investments in human capital, increase synergies and cross-sectoral approaches and strategies, tailor age-appropriate and gender-sensitive services, and improve participation and accountability

mechanisms. Therefore, the country is called to identify creative ways of doing business to reduce by half in 2030 the proportion of men, women and children of all ages living in poverty in all its dimensions. Strengthening social protection systems and the expansion of current social protection programmes are among the interventions which may support the targeting of the most vulnerable and facilitate access to essential services in a holistic and inter-sectoral way. For example, since its inception in 2005, the Productive Safety Net Programme (PSNP)¹¹⁶, has expanded greatly and now covers 8.5 percent of the country's population.¹¹⁷ The PSNP over the years, has been credited with reducing household vulnerability, increasing access to essential services, food insecurity, and the distress sale of assets among other outcomes¹¹⁸ and therefore it would be important for the Government to maintain, increase its investment and commitment to the programme, expanding to a poverty-based model in order to move towards a more comprehensive social protection system.

Women, in particular, can benefit much more from increased access to essential services, because of their undue burdens from their reproductive roles, time, and limited access to productive resources. Women also have high vulnerability risk of poverty and socio-economic insecurity due to lack of self-reliance opportunities; more so, for the population of refugee women and girls who are not fully engaged in decision-making processes.¹¹⁹

Data on inequality in Ethiopia shows a possible need for measures to promote inclusive growth; opportunities should be opened to all for the incomes of the bottom quintiles to grow faster; and social protection systems should be strengthened to cushion the most vulnerable and also to harness the benefit of Ethiopia's high population rate especially among youth. The high population growth rate will place increasing pressures on the country's natural resource base and significantly expand the numbers of young Ethiopians needing educational services and basic health care, not to mention straining the

¹¹⁵ Ethiopia Urbanization Review (World Bank, 2015)

¹¹⁶ The two main components are a public works programme for households with labour capacity and a direct support element that provides direct cash or food transfers to households without labour capacity.

¹¹⁷ Hirvonen, K., Mascagni, G., & Roelen, K. (2016). Linking taxation and social protection evidence on redistribution and poverty reduction in Ethiopia. Helsinki, Finland: United Nations University World Institute for Development Economics Research.

¹¹⁸ Berhane, G., Hoddinott, J., Kumar, N., Taffesse, A. S., Diressie, M. T., Yohannes, Y., ... Sima, F. (2013). Evaluation of Ethiopia's Food Security Program: Documenting progress in the implementation of the Productive Safety Nets Programme and the Household Asset Building Programme (HABP). Addis Ababa: ESPPI/IFPRI/IDS/Dadimos.

¹¹⁹ UNHCR (2019), Ethiopia Humanitarian Response Plan, 2019 – Refugee population was 905,301 in August 2018, with approximately 59 per cent of documented refugees under 18 years of age and 50 per cent being women and girls.

labour market which already fails to provide the young with sufficient employment opportunities.

The UN has the capacity to provide technical advice/support to the Government of Ethiopia in the formulation of policies, plans, systems, mechanisms, sharing knowledge on “good” practices, strengthening institutional and human resource capacity, and support to data generation and analysis to help accelerate economic growth, as well as reduce poverty and inequality in the country.

Agriculture and Food Security

Effort is required to strengthen the agricultural value chains that are weak with limited vertical and horizontal integration. The farm sizes are continually decreasing due to population pressures, degradation and competing land uses. Although in rural areas women are deeply involved in most aspects of agricultural production, their access to farms and agricultural technologies is still limited.¹²⁰ Low levels of technological upgrading and mechanization (including irrigation technologies, climate smart agriculture products) coupled with high postharvest losses, are characterising the sector.

The current land tenure policy and the lack of land use policy and plan (though currently under formulation) have contributed, on the one hand, to fragmented, small-sized farmlands, thus affecting quality input and technology use and investments, and on the other hand, to deforestation and land degradation. Moreover, the non-functionality of the water regulatory system due to lack of capacity has resulted in an uncontrolled depletion, and an inefficient use of water and fishery resources. Finally, the country also faces challenges such as ineffective agricultural extension services; inadequate price and market intelligence; limited access to finance to boost production; inadequate private sector engagement; climate variability, and lack of adequate early warning systems.

There are multiple determinants of food insecurity in Ethiopia, while food production, availability, utilization and stability are also affected by several factors. Land tenure and size of farm-holding is central to livelihoods and food security, especially given that over 90 per cent of the crops are produced

by smallholder farmers. The Central Statistical Agency (CSA) reported that per capita land holding is small, and increasingly declining. Specifically, the number of holders cultivating 0.6 ha or less of land increased from 55.5 per cent in 2005/6 to 62.8 percent in 2015/16. This is due to high population growth rate, the existing policies,¹²¹ land fragmentation due to intra-family distribution, and lack of alternative livelihood opportunities.

The major root causes of land degradation in Ethiopia are:

- The impact of farming practices, illegal logging, overgrazing, drought and erosion;
- Steady growth of population with high demand for natural resources.
- Historical patterns of feudal ownership of land; followed by government ownership, while farmers have only use rights;
- Lack of participation of stakeholders in management decisions, especially at the local level;
- Weak extension services, particularly irrigation extension services which are mainly focused on transfer of technology rather than empowering farmers, and
- Low use of technology in agriculture, leading to risk aversion and reliance on cattle as wealth.

Food productivity remains low, despite its increase in the past couple of decades – due to land degradation, lack of irrigation, weak access and utilization of inputs, technologies and mechanization, climate change, and adverse weather induced shocks. It has been noted that, ‘even if farm productivity were to increase by a factor of three, the average farm would still not produce enough food for a family of five’.¹²²

Poverty and food insecurity are strongly related due to the inability of the HHs to produce, purchase and or access quality foods. The volatility of prices resulting from inflation rates affect food items, and negatively impacts the purchasing power of the poor HHs. Market accessibility is a challenge mainly in rural areas, with 70 per cent of the rural population having to travel for 6 hours or more to gain year-round road accessibility.¹²³

¹²⁰ FAO, (2019). *National gender profile of agriculture and rural livelihoods*.

¹²¹ 1995 FDRE Constitution and Subsequent land administration proclamation.

¹²² Alex Evans, (2012): *Resources, Risks and Resilience: Scarcity and Climate*, New York University, Centre on international cooperation.

¹²³ WFP, CSA, (2019).

The recurrent drought with consequential impact on food access has a direct effect on health and nutritional status of the most vulnerable population group with increased prevalence of morbidity, mortality and stunting. In 2015 and 2016, the country experienced a humanitarian crisis as a result of the El Nino triggered drought exacerbated by the intercommunal conflict. The drought was the worst in decades in Ethiopia. More than one million people were displaced by the drought and conflict requiring humanitarian intervention. The high displacement of the population is due to over-reliant rain-fed agriculture. There are over one million climate-induced IDPs, and 99 per cent of them are in the Somali Region. As a result, agriculture is becoming less attractive for the rural youth for seeking labor opportunities which contributes to rural-urban migration.

The crisis escalated swiftly, reaching its peak in early 2016 with more than 10 million people in need of food assistance; declining to about 5 million in 2017. However, the drought was followed by flooding in 2018 due to the overflow of the Genale and Wabishebele rivers and heavy rains that affected thousands of people in Somali, Oromia and Southern regions. More than 382,000 people were affected with 172,000 displaced, of which, half were women.

IV.4. ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE



IV.4.1. KEY CONDITIONS AND TRENDS

Environment

Most of Ethiopia's deforestation happened in the years before 2000. However, the current rate of deforestation is substantial in absolute numbers. Ethiopia's Forest Reference Level (FRL) study has estimated a net forest loss of approximately 73,000 hectares per year for the period 2000 to 2013 (FDRE, 2016c). However, government's Climate-Resilient Green Economy (CRGE) projections indicate that if no action is taken to change the

country's development path, 9 million ha will be deforested between 2010 and 2030 (FDRE, 2011). Over the same period, annual fuelwood consumption could rise by 65 percent, leading to forest degradation of more than 22 million tons of woody biomass (FDRE, 2011). To prevent this from happening, Ethiopia aims to not only reverse this degradation but increase forest cover from 15 percent to 20 percent by 2020.¹²⁴

Estimates of annual net erosion for areas above 1000 meters elevation are about 18 tons/ha; which increases to about 20 tons/ha when only cropland is considered (Hurni et al., 2015).¹²⁵ In a different modeling exercise, Naipal et al. (2015) derived yearly average soil erosion rates in tons per hectare per year, by applying an adjusted model more adapted for global analysis instead of using the original universal soil loss equation that accounts for rainfall erosivity differences across different climate zones. The incidence of soil erosion differs immensely between regions in Ethiopia, with the highlands of the Amhara region being the worst affected with rates above 60 tons/ha/yr. This explains why Ethiopia stands out in an African context with significantly higher rates of soil erosion than neighboring countries that have been analysed with the same approach.¹²⁶

Land Degradation

Land degradation is the common environmental problem in Ethiopia and is one of the major causes of low and declining agricultural productivity, and continuing food insecurity and rural poverty.¹²⁷ In addition, land degradation directly affected the type of plant grown on the area, reduced availability of potable water, lessened volumes of surface water, and led to the depletion of aquifers and loss of biodiversity. The major causes are rapid population increase, severe soil loss, deforestation, low vegetative cover and unbalanced crop and livestock production. Land degradation includes all processes that diminish the capacity of land resources to perform essential functions and services in ecosystems¹²⁸, and are caused by two interlocking complex systems: the natural ecosystem and the human social system.

¹²⁴ Federal Democratic Republic of Ethiopia (2017); Country Environmental Analysis (CEA) Ethiopia Realizing Green Transformation

¹²⁵ Ibid

¹²⁶ Ibid

¹²⁷ Addis Ababa University (2016); Land Degradation in Ethiopia: Causes, Impacts and Rehabilitation Techniques

¹²⁸ Hurni et al., 2010

The proximate causes of land degradation include: (a) clearing of woodlands and forests, (b) unsustainable arable farming techniques, (c) the use of dung and crop residues for fuel, (d) overstocking of grazing lands and (e) lack of land use policy and land use plan (both of which are currently being developed), which does not encourage sustainable land use management practices, because the former gives only land use rights, while the latter does not prevent unsustainable land use practices such as forest degradation, planting non-conservation trees like eucalyptus trees, farming steep slopes, etc. Inappropriate land-use systems and land-tenure policies enhance desertification and loss of agrobiodiversity. The following are the major causes for land degradation:

Woodland Clearing. The clearing of forests is conservatively estimated at 62,000 ha per year¹²⁹. This is mostly converted into cropland with a greatly reduced vegetative cover and accelerated soil erosion. Also, importantly the change in land use can change the hydrological pattern of run-off, reducing infiltration and increasing stream flow during and after rain.

Arable Land Management. Most arable land (70 per cent) in the highland is in cereals, with wheat and barley in the higher ground and teff, sorghum and maize in the lower elevations. All these crops leave bare areas of soil during some or all of the growing season exposing soil to erosion.

Dung and Crop Residues. As rural populations have grown and woodland is converted to cultivation, the use of dung and crop residues for fuel has become much more important. Demand for wood for energy use is one of the most critical causes of land degradation in Ethiopia. Wood fuel demand is estimated at 55 million cubic meters per year, which is lower than the annual replenishment rate of 13 million cubic meters per year.

Overstocking of grazing lands. Due to rapid population growth, communal grazing areas are increasingly being converted into cropland. This has led to enormous pressure on the little remaining grazing land, through overstocking of dairy cows and oxen, and thus overgrazing, resulting

in land degradation and considerably decreased productivity.

Lack of land use policy and land use plan. Land use plan which should be developed based on a land policy that is lacking in Ethiopia. In the absence of land use plan and guiding and monitoring its implementation, fragile lands are cultivated or used for purposes other than the land is suitable and this aggravates land degradation.

Climate Change

Being an agrarian economy with more than 80 percent of its population getting their earnings from farming and livestock production, Ethiopia's vulnerability to climate change cannot be overemphasised. For example, the 2015/16 El Nino demonstrated Ethiopia's vulnerability to climate induced hazards resulting in one of the worst droughts on record in Ethiopia with 15 million people receiving food assistance at the peak of response operations in 2016. In January 2018, there were still more than 1.6 million IDPs in the country, both drought-induced as well as due to intercommunal conflict.¹³⁰ The vulnerability of the local population to climate-induced disasters is exacerbated by pervasive natural resources degradation, limited livelihood opportunities, and poor access to basic services.

Evidence indicates that both long-term climate change and shorter-term climate shocks such as El Nino Southern Oscillation (ENSO) events have negative impacts on crop and livestock production and on people's health.¹³¹ Climate variability and extremes, such as ENSO events, as well as long-term climate change, will likely put pressure on future crop yields. As a result, production capacity will be under increased stress given the projected effects of climate change, with added impacts from both biotic and abiotic stresses.

Much more pointedly, however, is the fact that agricultural growth, which was key in bringing down poverty in Ethiopia, is the most climate-risk affected sector.¹³² Based on GoE reports,¹³³ agriculture still employs 66.2 percent of total employment (compared to 39.8 percent for Middle income countries (MICs)); while manufacturing exports were

¹²⁹ World Bank (2007); Land Degradation in Ethiopia: Its Extent and Impact, p 6

¹³⁰ Galperin, A. (2018); Climate and Disaster Risk Governance situation and Capacity Assessment Report, p 5

¹³¹ Building Resilience to Climate Change in Ethiopia, p 23.

¹³² According to some studies, for every 1 per cent in agricultural output, poverty was reduced by 0.9.

¹³³ Mid Term Evaluation of GTP II.

9.3 percent of merchandise exports (compared to 57.5 percent for lower MICs). Ethiopia's predominantly subsistence farming (partly attributed to land tenure policy) is highly prone to climate change, which exacerbates land degradation: 85 percent of land in Ethiopia is moderately to severely degraded, undermining agricultural intensification and rangeland management efforts.¹³⁴ Because of women's limited decision-making power, their involvement in the distribution of benefits from environmental management is restricted, leaving them more vulnerable to climate change than men.¹³⁵ Generally, the country has a huge gap in information systems, particularly with respect to agriculture and natural resources with temporal and spatial scales.

The agricultural system has focused more on productivity without integrating diversity of crops, nor climate resilient varieties and technologies. Much of the increase in crop production in the past decade has been due to increases in area cultivated than increased productivity. The net effect is that crop yields are projected to increase but remain below a non-climate change trajectory of yield improvements. Additionally, the change in the composition of rangeland plant species from grasses to woody plants because of climate change may have impacted cattle and sheep populations more than those of goats and camels (Abebe et al., 2012).¹³⁶ This, in turn, has an impact on household food security and nutritional status. Local produce of mixed agriculture and pastoralist systems have an impact on dietary diversity in rural (>80 percent) and peri-urban households of Ethiopia. Most of the consumers are dependent on what is produced in nearby agro-ecological zones that partly dictate food sovereignty and nutritional diversity.

Drought is the most significant and recurrent climate-related hazard affecting the country, followed by floods for years. Landslides and earthquakes rarely occur in the country but can be damaging when they do. The garbage dump landslide (2017) in

Koshe/Addis Ababa claimed the lives of over 120 people. Although it varies in intensity from year to year, the country has never been completely free from the threat of drought during many years.¹³⁷ Since the 1970s, its magnitude, frequency, and impact have become more severe, in terms of prevalence, area covered, and the number of people affected. At its most severe stage, drought has affected nearly one in five Ethiopians. Recent evidence¹³⁸ showed that drought brought an intensification or transformation of existing coping strategies among communities, with an increased children's participation in work, with implications for educational attainment and human capital accumulation in the long-term.

Recurrent drought has also significantly reduced people's coping capacity¹³⁹ and hampered the country's strong growth potential, jeopardized the significant development progress it has made in recent years and continues to make today.¹⁴⁰ According to national emergency appeal and humanitarian response plans, in the last 40 years (1978 – 2017), the maximum officially estimated drought affected population reached 13.2 million in 2003, representing 19 percent of the total population at the time. The second highest drought affected population (10.2 million) was recorded in 2016/2017, an El Nino triggered disaster. The cost of the humanitarian appeal is, on average, equivalent to 8.9 percent of government revenue.¹⁴¹ This cost has been rising over time. Food accounts for 76 percent of these appeal amounts, on average. Nutrition, health and water when combined, represent a further 10 percent of the needs. In Somali and Afar regions, the percentage of the population reached by humanitarian food assistance or PSNP has exceeded 50 percent in 2016 and 2017.

Another increasingly frequent effect of climate change is flooding. According to some UN studies, flooding is a hazard that can cause human death and reduce the asset base of households, communities and nations by destroying standing crops, livestock,

¹³⁴ European Union Delegation to Ethiopia. 2016. *Addressing the root causes of recurring food insecurity in Ethiopia: Sharpening the debate by reflecting on weather, climate change, demographic, technological, policy and governance factors*. Available at <https://europa.eu/capacity4dev/file/85503/>.

¹³⁵ Green Climate Fund, 2017: *Project FP058: Responding to the Increasing Risk of Drought: Building Gender-Responsive Resilience of the Most Vulnerable Communities*. Ministry of Finance and Economic Cooperation, document no. B.18/04.

¹³⁶ Ibid.

¹³⁷ Sue and Fikre, 2008; Getachew, 2018.

¹³⁸ Oxford Policy Management and the Horn Economic and Social Policy Institute (2018). *Generation El-Nino: Long-term Impacts on Children's Well-being: Final Report*. UNICEF Ethiopia Country Office.

¹³⁹ IIRR and Save the Children USA, 2007.

¹⁴⁰ Mareile and Wolter, (2016).

¹⁴¹ Ethiopia Zero Poverty and Hunger Strategic Review (CDRC/WFP/FDRE, 2019).

infrastructure, machinery and buildings. In Ethiopia, the intensity, duration and distribution of rainfall and topography in the catchments; and increased land degradation (due to over-cultivation of farmland, expansion of crop production into areas that are susceptible to soil degradation and population pressure as well as deforestation, urbanization and poor drainage) influence the magnitude and severity of flood.¹⁴²

Currently, the largest government programs for resilience building include Ethiopia's Program of Adaptation to Climate Change; the Productive Safety Net Programme (PSNP); the Agricultural Growth Program; Participatory Small-Scale Irrigation Development Programme (PASIDP). All are aligned with the government's Climate-Resilient Green Economy (CRGE) Strategy and its Growth and Transformation Plans (GTPs). The Rural Financial Intermediation Programme is also another large government program for broad resilience building including economic empowerment. Other programmes targeting pastoralists and agro-pastoralists in the lowlands are the Intergovernmental Authority on Development's Drought Resilience and Sustainable Livelihoods Program (DRSLP), the Pastoral Community Development Project (PCDP), and the newly launched Lowlands Livelihoods Resilience Project (LLRP).

IV.4.2. CHALLENGES AND OPPORTUNITIES

Negative Climate Change Impacts

Climate change not only impacts agriculture and livelihoods, but also results in changing patterns of disease transmission. Climate change invariably has either direct or indirect impact on all sectors of development gains. According to Ethiopia's Climate Resilient Green Economy (CRGE) Strategy, some of the health impacts of climate change include an increase in morbidity and mortality due to extreme temperatures (i.e. heat stroke, especially among the elderly).¹⁴³ Changes in rainfall also affect the breeding of insect vectors of disease, such as mosquitoes that transmit malaria, dengue, yellow fever, chikungunya and other vector-borne diseases.

These changes also impact water-borne diseases (e.g., bilharzia, diarrhea and cholera). Additionally, health problems are expected to result from poor air quality, while increases in flooding and storms can result in increases in mortality.¹⁴⁴ In the drought-prone areas of Ethiopia, climate vulnerability has significant impacts on access to safe water, which is closely linked with undernutrition and stunting, increase migration of pastoralists and can exacerbate conflict on natural resources.

Various studies show that climate change, and the limited availability of climate information in Ethiopia, has led to increased challenges in managing, planning and coordinating the impact of, and response to, severe weather events.¹⁴⁵ Insufficient coverage of hydro-meteorological observational infrastructure (Automatic Weather Stations [AWS] and hydrology stations), coupled with low capacity to analyze and model climate and environmental data, has led to inadequate information to support decision-making processes. This weak observational and analytical capability has compounded the difficulty to foresee and manage extreme weather events, and to mitigate long term impacts of climate change on various sectors of the economy.

There is also a lack of information in agricultural water withdrawal, how efficiently it is used and its productivity, due to the lack of observational facilities integrated with irrigation infrastructure. These issues impact negatively on evidence-based policy planning and decision-making. Not only are weather observations weak, but the information also delays in terms of getting to the local communities. Further, traditional knowledge on weather prediction by the elders is not considered. In addition, when the scientific prediction fails, communities tend to lose trust on the science-based information.

Women's and girls' vulnerabilities to climate risks are mostly economically, socially and culturally constructed. Women farmers are particularly vulnerable to drought and flooding as they are more likely to be subsistence farmers and have fewer abilities to cope with extreme weather changes. They often do not have secure land tenure and have less access to financial resources in terms of credit. Furthermore, women usually have less time to adjust

¹⁴² FAO Ethiopia Resilience Strategy (2017 – 2026), p 3.

¹⁴³ Ethiopia Climate Resilient Green Economy Strategy, 2011.

¹⁴⁴ Ibid.

¹⁴⁵ Terminal Evaluation Report Strengthening Climate Information and Early Warning Systems in Africa for Climate Resilient Development and Adaptation to Climate Change in Ethiopia.

their farming practices to climate change resilient due to disproportionate care burdens. They are also more likely to live in housing vulnerable to flooding, as they cannot afford to live in safer places.

Moreover, those with plots of land are more prone to risks of climate change since these are most commonly of poor quality and they have less access to the appropriate tools for farming due to financial or resource constraints.¹⁴⁶ Existing gender norms and power inequalities also deteriorates the impact of climate change and adaptations of scientific information and agricultural assets in contexts of power relationships.¹⁴⁷

Despite all these interventions, Ethiopia is still largely characterized by inadequate early warning system and climate services. Early warning system (EWS) help individuals and communities to get prepared for the incoming risks so that economic losses and lives can be reduced, and resources properly utilized for the intended purposes and, in the event of a disaster, to save lives and livelihoods. Early warning systems are not adequately informed by disaster assessment information but rather, it is predominantly being provided based on the findings of biannual seasonal assessments conducted during the pre-harvest season. In addition to limited resources, personnel, and materials for conducting the assessments, such practices generally have a negative effect on timely response to people in need of humanitarian assistance and do not prevent loss of productive household assets.

The UN could provide technical advice/support the Government of Ethiopia in the formulation of policies, plans, systems, mechanisms, sharing knowledge on “good” practices, strengthening institutional and human resource capacity, and support to data generation and analysis to help mitigate the negative impact of climate change in the country.

Vulnerability to climate change

Slum dwellers in urban areas are the most vulnerable to fatal disasters linked to climate change effects since informal settlements are mostly located in disaster prone areas. Women and children are mostly vulnerable and face higher risk in such areas. People with higher nutritional needs, like children, pregnant women or breastfeeding mothers, are especially impacted when they do not have enough

food. Hunger can have long-term, disastrous effects on the health and development of all these populations — it keeps people from reaching their full potential and can lock them in a cycle of poverty, and more hunger.

¹⁴⁶ WOCAN, (2012).

¹⁴⁷ World Bank, FAO, IFAD, 2015.

V.

MARGINALIZATION, EXCLUSION AND VULNERABILITY
ANALYSIS

Vulnerability defines a state of diminished capacity of an individual or group to anticipate, cope with, resist and recover from the impact of a natural or human-made hazard. The concept is relative and dynamic, and is most often associated with *poverty*, but it can also arise when people are isolated, discriminated and stigmatized, insecure and defenseless in the face of risk, shock or stress. People differ in their exposure to risk and coping mechanisms based on their social group, gender, ethnic, legal or other identity, age and other factors.

V.1. VULNERABLE GROUPS

The critical questions for vulnerability are: (a) who are the vulnerable people, where are they, and what are they vulnerable to? UN guidance on 'leave no one behind' identifies five factors that are central drivers of exclusion: (1) discrimination; (2) geography; (3) vulnerability to shocks; (4) governance; and (5) socioeconomic status.

To determine people's vulnerability, two questions need to be asked: (a) to what threat or hazard are they vulnerable? and (b) what makes them vulnerable to that threat or hazard?

Based on UN analyses and reports, some segments of the population (See Table below) have not benefited fully from Ethiopia's development achievements, and Ethiopia remains a country characterized by 'low human development'.¹⁴⁸

¹⁴⁸ UN Joint Analysis on Leaving No One Behind. See also [Leaving No One Behind: A UNSDG Operational Guide for UN Country Teams \(Interim Draft\), April 2019](#). See also Human Development Indices and Indicators: 2018 Statistical Update, United Nations Development Programme, 2018.

TABLE 3: Ethiopia's human rights situation in relation to selected SDGs

VULNERABLE GROUPS <i>[with significant overlaps]</i>	DRIVERS OF EXCLUSION				
	Discrimination	Geography	Shocks	Governance	Socio-economic status
Chronically food insecure and Malnourished (rural HHs, female headed and children)	x	x	x	x	x
Ethnic minority within regions	x			x	x
Forced laborers, including human trafficking survivors	x			x	x
Human Rights Defenders				x	
IDPs (in particular female and children)	x	x	x	x	x
Irregular Migrants	x		x	x	x
Newborns		x	x	x	
People living with HIV	x		x	x	x
Persons with physical and mental disabilities	x		x	x	x
Refugees/Stateless People (especially unaccompanied or separated children)	x		x	x	
Sexual Orientation (LGBTQI)/ Gender Identity	x			x	
Unemployed Youth	x		x	x	x
Urban destitute and slum dwellers, children in street situation.	x		x	x	x
Women and girls at risk of violence and harmful practices	x		x	x	x

TABLE 4: Various risks

VULNERABLE GROUPS	VULNERABLE GROUPS ARE AT RISK OF
Chronic food insecure and Malnourished (Rural HHs, female headed and children)	9 million chronically food-insecure every year. Infectious diseases, mortality, decreased human capital due to decreased productivity.
Ethnic minority within regions	Poverty, discrimination and violence, informal lack of access to social services, lack of access to justice.
Forced laborers, including human trafficking survivors	Physical and sexual exploitation and violence, discrimination, high prevalence of mental illness, increased risk of infectious diseases (STDs).
Human Rights Defenders	Harassment, threats to safety, and lack of access to justice.
IDPs (in particular female and children)	Poverty, child or forced marriage, trafficking, discrimination based on status or ethnicity, high prevalence of mental illness, ethnic violence, secondary displacement, forced return, increased risk of infectious diseases, landlessness or land conflicts, lack of support for durable solutions, unaccompanied and separated children, insufficient number of social service workforce for child protection for family tracing, reunification and for case management and referrals.
Irregular Migrants	Exploitation, abuse, mistreatment, violence, statelessness, lack of access to justice, protection and basic services.
Newborns	30 per 1,000 die per year, 274 per day, from preventable causes such as hypothermia, infection, asphyxia
People living with HIV	Violence, poor access to health and other services, adverse health outcomes (e.g. cancer), poverty, high prevalence of mental illness.
Persons with physical and mental disabilities	Violence, neglect, poverty, food insecurity, inability to access relevant social services, marginalization, inability to care for children and family, low educational attainment.
Refugees/Stateless People especially unaccompanied or separated children)	Poverty, child or forced marriage, trafficking, discrimination and violence, high prevalence of mental illness, increased risk of infectious diseases, stateless, lack of access to social services, food insecurity, lack of access to justice.
Sexual Orientation (LGBTQI) / Gender Identity	Rights of LGBTQ to equality and non-discrimination being curtailed, including with criminalisation of same-sex activity; high prevalence of mental illness, and contact with the law.
Unemployed Youth	Poverty, low educational attainment, exploitative labour, negative coping strategies, food insecurity
Urban destitute and slum dwellers, children in street situation	Food insecurity, exploitation, violence high prevalence of mental illness, increased risk of infectious diseases, violence, abuse, poverty, exploitation, discrimination.
Women and girls at risk of to violence	Physical and sexual exploitation and violence, forced and child marriage, female genital mutilation, reproductive morbidities, reduced productivity, high prevalence of mental illness, and lack of access to justice, inadequate availability and access to a social service workforce for protection (including case management and referrals)

V.2. WHERE VULNERABLE PEOPLE ARE

As mentioned above, the concept of vulnerability and exclusion is also associated with poverty and underpinned by structural factors such as gender inequality, discrimination against particular ethnic groups etc. Vulnerable people are found where deprivations are more prevalent. The Developing Regional States (DRS) of Afar, Benishangul-Gumuz, Gambella and Somali consistently lag behind other regions on many development indicators.

Two-thirds of the populations in these regions and populations in other regions living within sizable lowland areas (e.g., Amhara, Oromia, SNNP and Tigray) are either already poor or at risk of becoming poor in the event of a shock.¹⁴⁹ The percentage of children under 5 deprived in health, nutrition and water is higher in DRS compared to the national average. Among 15-17 year-olds, the deprivation rates in DRS are higher for the dimension of education, health-related knowledge, information and participation, and water compared to the average deprivation rates in Ethiopia.¹⁵⁰ Furthermore, a UN study shows, for example, Afar and Somali regions as having the highest number of multidimensional poor people.¹⁵¹ Due to low population density in large parts of the DRSs, communities are often scattered, which constitutes serious challenges to provision and access to basic services. These regions also host the influx of relatively large populations of refugees from neighbouring countries notably Eritrea, South Sudan and Somalia, thereby putting increased pressure on already scarce resources. Furthermore, these regions are source areas for Ethiopia's vulnerable migrant population.

Although there have been significant humanitarian interventions in these regions, they continue to be vulnerable to natural and other forms of disasters, to an extent where the challenges have become

chronic and now call for a more durable developmental approach.

Persons with disabilities (PWDs): include those who have long-term physical, mental, intellectual or sensory impairments, which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others (UN CRPD, 2006). There is a paucity of evidence on persons with disabilities, for whom prevalence is estimated at 17.6% percent of the Ethiopian population (World Bank & WHO, 2011), while for common mental illness, the prevalence in the general population is 22 percent, with 8 percent suffering from severe mental illness.¹⁵² In Ethiopia the crude suicide rate, one of the SDG indicators, is reported to have increased from 7.9 to 8.4 per 100,000 population between 2005 and 2015.¹⁵³ Vulnerable groups in a society have a higher prevalence of mental illness, further exacerbated by discrimination and limited supportive services. In Ethiopia, for example, this prevalence is estimated to be 36 percent¹⁵⁴, while globally up to two thirds of people with HIV/AIDS suffer from depression, and rates of mental disability among the homeless can be greater than 50 percent.¹⁵⁵ Humanitarian crises can further increase the number of PLWD. In times of crisis, PLWD may be deprioritized within the household in terms of food consumption, and generally have unmet needs for health assistance and social services¹⁵⁶. Socioeconomic status is a driver of vulnerability, with 95 percent of all persons with disabilities estimated to live in poverty¹⁵⁷. Attitudinal, physical and other environmental barriers need to be addressed to promote the rights and inclusion of persons with disabilities in the Ethiopian society. Governance challenges include a lack of evidence to inform action, and limited formal directives, guidelines and institutional arrangements to operationalize existing policy and legal frameworks. The state lacks the resources and capacity to respond to the needs of PWDs. This in turn limits the capacity of PWDs to be productive

¹⁴⁹ The World Bank Group and the UK's Department for International Development (DFID). 2019. Poverty and Vulnerability in the Ethiopian Lowlands: Building a More Resilient Future: Executive Summary, Draft.

¹⁵⁰ CSA and UNICEF, (2019). Multidimensional Child Deprivations in Ethiopia Report, First National Estimates.

¹⁵¹ UNDP/ Agency for Resilience, Empowerment and Development (2019) Strengthening Coordination For Integrated Humanitarian – Development – Peace Interventions (Nexus) In Somali Region Of Ethiopia, (Short Version), Mapping Report Revised version 15 March 2019.

¹⁵² Federal Ministry of Health, 2019. National Strategy for Mental Health 2018-2025.

¹⁵³ World Health Organization, 2017: World Health Statistics.

¹⁵⁴ Getachew M. et. al., 2019. Prevalence of common mental illnesses in Ethiopia: A systematic review and meta-analysis: Neurology, Psychiatry and Brain Research. Volume 30, December 2019, Pages 74–85

¹⁵⁵ World Health Organization, 2019: Mental Health, Poverty and Development. Available from https://www.who.int/mental_health/policy/development/en/. Accessed July 4, 2019.

¹⁵⁶ National Disaster Risk Management Commission, Humanitarian Country Team and partners. 2019. Humanitarian Needs Overview.

¹⁵⁷ Ministry of Labour and Social Affairs [MoLSA], 2010

members of society, which subsequently further increases the vulnerability of both them and their families.

In rural and urban areas, people with disabilities face more challenges and bear more significant costs to access services. Families taking care of family members living with disability face additional costs as a result of the disability. Recent evidence conducted in urban areas shows that people with disabilities face much higher transportation costs than those without disabilities, as many cannot use public transportation and taxis are expensive in Addis Ababa.¹⁵⁸ Moreover, people with disabilities have much higher health expenses than others.

People with disabilities face several barriers to improving income generation for the following contributing factors:

- There is still widespread prejudice that people with disabilities are not able to work, and a lack of awareness on how to include them in both private and public sector employment;
- Buildings and the general environment, including most woreda offices are inaccessible to people with disabilities;
- Lack of access to education contributes to limiting employment opportunities of people with disabilities;
- For women, income generating activities are additional to domestic responsibilities. Care work is often the responsibility of women and caring for a disabled family member often means limited opportunities for engaging in livelihood activities and earning an income. There are no care facilities available and not enough inclusive schools with the capacity to care for children with disabilities.

Homelessness: There are a high number of homeless people in the country. Although it is difficult to obtain precise numbers, a recent report shows that the city administration of Addis Ababa estimates the number of homeless individuals to be around 50,000 (MoLSA, 2018).¹⁵⁹ According to the report, the majority of the destitute are male (77.2%) and between 18 and 35 years old (62.2%), with approximately 10.5 percent below 18, and 13

percent above 45. Of the adult population, only seven per cent are married – a striking difference between the surveyed population and the general population (Ibid.).

Homelessness is predominantly caused by a combination of unsafe migration, lack of support from social networks, lack of access to employment and income generating opportunities, lack of access to affordable housing and lack of access to an effective social protection system. Another study conducted in 2010 estimated that there are 10,706 children living in street situations as well as an estimated 9,000 children in residential care in Addis Ababa.¹⁶⁰

Homeless people face other barriers to improving income generation:

- Lack of education: many of the homeless people interviewed had originally come from rural areas and had dropped out of education at a young age or had few education opportunities where they grew up. This is especially the case for women, many of whom are illiterate, which contributes to limiting their economic opportunities.
- Discrimination and stigma: most people are reluctant to hire homeless people, as they are perceived to be unreliable, dirty and/or dishonest.
- A lack of Kebele ID cards is a barrier to employment, as many employers require it.
- A lack of guarantors: many employers require guarantors, which many homeless people are not able to provide.
- A lack of childcare and secure housing means single parents cannot look for work.

There are limited services provided to help people overcome these barriers. There are government-run business centres which provide space for people operating small businesses; and within Woreda BoLSA offices, there is a service available, which registers unemployed people and refer them to available jobs. Similarly, BoWCA also provides some services linking women with job opportunities, but the scope seems to be limited.

¹⁵⁸ Development Pathways; Africa Disability Alliance; Austrian Development Agency and the Bridging the Gap (BtG) II project, Ethiopia Centre for Child Research (2019). Situation and access to services of people with disabilities and homeless people in Addis Ababa.

¹⁵⁹ Federal Democratic Republic of Ethiopia – Ministry of Labour and Social Affairs, (2018). The State of People with Special Needs (urban destitute) & Capacities of Service Providers- A Study of 11 cities in Ethiopia. Soberland International Institute of Development Services Pvt.Ltd.Co

¹⁶⁰ UNICEF, 2014.

There is very limited access to finance credit from commercial banks for low-income families and rural poor. The third phase of Rural Financial Intermediation Programme (RUFIP III) funded by IFAD, with implementation starting in 2020, will improve access to finance to rural poor with focus on marginalized people and least developed areas of the country. In addition, very and only very small-scale loans are available from Village Savings and Loans Associations. BoLSA implements a programme to support small and micro enterprises with start-up capital and microcredit, but the scope is very limited.

V.3. IMPACT OF COVID-19 ON EXISTING VULNERABILITIES

COVID-19 poses a severe threat to all communities. The One UN Assessment on the socio-economic impact of COVID-19 in Ethiopia, identifies the following groups as the most impacted by the pandemic:

BOX 2. Most Impacted Groups, Sectors and Geographic Areas (with significant overlap)

- Workers employed in micro, small and medium-size enterprises (MSMEs) in the urban, informal, sector (manufacturing, construction, trading, retail, hospitality and tourism).
- Workers in industrial parks who are already laid off or in danger of losing their jobs.
- Farmers/pastoralists and households in areas at-risk of increasing food insecurity (Integrated Food Security Phase Classification (IPC) Phase 3 or 4).
- Frontline health system workers.

- Women in the urban informal sector and employed in industrial parks.
- Children of school-going age who are from poor, food insecure, households.
- Particularly vulnerable children and adolescents (e.g. urban street children).
- The vulnerable, especially in urban informal settlements and slums.
- Groups with specific vulnerabilities (PLWHA, PWDs, older persons, the homeless).
- IDPs, refugees, returnees/relocates and returning migrants.

- MSMEs in supply chains in construction, manufacturing, agro-industry, hospitality, tourism and retail.
- MSMEs in supply chains for agricultural and horticultural exports as well as production + marketing of critical food crops.

- Urban informal settlements and slum areas.
- Developing regional states (Afar, Benishangul-Gumuz, Gambella, Somali).

VI.

DEVELOPMENT-HUMANITARIAN-PEACE LINKAGES

The Chapter discusses the humanitarian interventions in the country and how such humanitarian request could be reduced if interventions consider longer term development perspective. The humanitarian-development – peace nexus can contribute to reduce needs, risk and vulnerability if the government, humanitarian, development and peace actors were to pursue a set of collective outcomes over a period, notably 3-5 years.

For decades, humanitarian aid in Ethiopia has primarily been provided in regions that suffer from protracted and recurrent crises. Crises that have been caused by recurrent climate-triggered disasters such as droughts and floods, environmental degradation, and challenges in pastoral and agro-pastoral areas, as well as man-made crises (conflict). Since 2017, these crises have further been exacerbated by intercommunal conflicts that have precipitated the destruction of homes and public infrastructure, livelihoods access, and the displacement of approximately two million people.

Although humanitarian crises have endured for decades in Ethiopia, humanitarian aid has remained annualized and short-term although needs are often chronic. This is illustrated by the Productive Safety Net Program (PSNP), based on a five-year programme cycle. The programme has been covering food shortages of vulnerable households across Ethiopia since 2005. Evaluations have found, however, that it has not contributed to reducing the rates of both acute and chronic malnutrition as envisaged in the areas it is being implemented, suggesting underlying development-related causes that are not being addressed. Working to support a more comprehensive, poverty-based, national productive social protection system would assist in the transition from humanitarian responses to more sustainable and inclusive development approaches, supporting a broad range of vulnerable populations, in line with leaving no one behind.

Acute food insecurity and malnutrition occur every year in Ethiopia resulting in protracted humanitarian

needs. Many of those requiring relief assistance are in fact repeat relief beneficiaries. There are at least 250,000 cases of SAM and three million cases of Moderate Acute Malnutrition (MAM) in a 'good' year. Due to the high treatment cost, almost only one-third of the MAM cases are prioritized for treatment. Untreated acute malnourished children are at higher risk to suffer from chronic malnutrition. If Ethiopia does not adopt a systemic shift where focus on resilience-focused investments and comprehensive recovery programs for IDPs (affected by conflict and climate-induced) are put in place, the needs and funding requirements for humanitarian appeals in the country are likely to continue to be massive for the foreseeable future. By default, millions of Ethiopians will continue to be presented as being acutely food insecure and malnourished even in the absence of major new drought, when their needs could be categorised as de-facto chronic.

Similarly, the lack of access to adequate all year round water supply and adequate sanitation facilities by a vast majority of the population, especially those in the lowland areas (see data under SDGs analysis, Chapter 4), presents a chronic developmental issue that remains unresolved and contributes to humanitarian crises such as the regular outbreaks of cholera that have been regularly reported in Ethiopia. Humanitarian assistance, coupled with a longer-term resilience development agenda could bridge the divide, reduce needs and sustain development interventions. The GoE ONEWASH programme, established in 2013, was envisaged to improve water supply and coverage in areas of water deficit. However, when the El Niño struck in 2016, it was found that there was insufficient overlap between the woredas covered by the programme and the drought-affected woredas in need of water trucking.¹⁶¹ The response required huge financial resources to carry out life-saving water supply interventions, including water trucking and water point rehabilitation, resulting in provision of water

¹⁶¹ <https://www.globalcrf.org/wp-content/uploads/2018/07/Eth-IASC-NWOW.pdf>

supplies to more than 1.3 million people.¹⁶² Had the ONEWASH programme focused on strengthening resilience and adequate coverage of all year-round water accessibility in vulnerable, traditionally drought-affected woredas, the extent of the resulting humanitarian crisis could have been mitigated.

Disasters provide a unique opportunity to adapt new ways of working toward addressing development challenges. Unaddressed gaps in key development areas means the government and its partners have been responding to recurrent humanitarian and emergency situations for decades. The increasing insecurity, arising from both natural and man-made events in the country, coupled with the chronic needs and reliance on humanitarian assistance, poses a challenge to a country that is determined to reach middle-income status by 2025. According to the United Nations Office for the Coordination of Humanitarian Assistance (OCHA), “the level of humanitarian needs in Ethiopia will remain high through 2019 [and thereafter] as a result of mass inter-communal violence-induced displacement and related humanitarian and protection needs; widespread food insecurity and malnutrition due to recurrent drought impact; and disease outbreaks such as acute diarrhoea (AWD), mainly due to poor WASH facilities in IDP sites and in drought and flood-impacted communities”.¹⁶³ The 2019 data from the government indicates that 8.9 million people were deemed to be in need of assistance, out of which 7.8 million were targeted to receive humanitarian aid, and 610,000 children were reported in need of treatment for severe acute malnutrition. Only if the root causes of these humanitarian crises are addressed through targeted development and peace programmes will these numbers be reduced, and successful development can take place.

VI.1. THE NEW WAY OF WORKING AND OPPORTUNITIES FOR ETHIOPIA

The New Way of Working (NWoW) provides an opportunity in addressing risks and improvements in service delivery. Improvements in basic services, cost-efficiency, better preparedness and early response, better-quality programming, and the ability to address underlying causes of crises are elements needed to address the Humanitarian-

Development-Peace Nexus (HDPN) in Ethiopia. Designed for contexts where short-term humanitarian action and medium to long-term development-oriented programming are required simultaneously in the same geographical area and targeting the same vulnerable or at-risk population, the NWoW is particularly relevant to the Ethiopian context. The mid-term evaluation of the United Nations Development Assistance Framework (UNDAF) 2016 – 2020 noted that: ‘The UN has not fully harnessed the potential impact for sustainable development that can be realized through the NWoW’.¹⁶⁴ The GoE, the UN and other partners have since developed a number of initiatives to address the HDPN in line with the NWoW. Coinciding with a momentum for change in the country, a wide high-level of shared understanding on the New Way of Working helped promoting the nexus after years of response to recurrent climate induced crisis. While many initiatives have been promoting the humanitarian development nexus, there is still however room for improvement on the Peace component of the HDPN. The UNCT has outlined strategies and opportunities for collaboration between humanitarian and development actors in support of the government agenda on resilient livelihoods and public services.

To effectively address the Nexus the Joint Steering Committee (JSC) on humanitarian-development nexus was replicated in Ethiopia under the Executive Committees of the Development Assistance Group (DAG) and the Ethiopian Humanitarian Country Team (EHCT) with participation of the UNCT, Humanitarian and Development Donors, IFIs– WB and I/NGOs¹⁶⁵. The platform of EHCT-DAG Ex-Coms, chaired by the RC/HC through 2017 to mid-2018, ensured structured humanitarian-development dialogue, analysis and planning. The group identified a potential way forward to define an integrated architecture. A “bundle approach,” was identified and developed to integrate humanitarian and development interventions in selected geographical areas, with the aim to reduce vulnerability and risk while providing relief to crisis-affected populations. Second, an ad-hoc think tank called a ‘nexus group’, including DFID, EU/ECHO, Irish Aid, OCHA, Save the Children, UNAIDS, UNDP, UNHCR, UNICEF, WB and WFP, was formed and used to generate evidence to feed into

¹⁶² Ibid.

¹⁶³ <https://www.unocha.org/ethiopia/about-ocha-ethiopia> [Accessed on 3 November 2019]

¹⁶⁴ UNDAF 2016 -2020 Mid-term evaluation, p 46

¹⁶⁵ DFID, EU/ECHO, Irish Aid, OCHA, RCO, Save the Children, Tufts University, UNAIDS, UNDP, UNHCR, UNICEF, WB, WFP

the collective analysis and planning by the government and humanitarian-development partners. The nexus group prepared several discussion papers to generate common thinking, including through identifying concrete areas for acceleration of development resources to address acute needs. Further examples on humanitarian-development nexus programmes are: the national public health emergency system strengthening and preparedness to reduce cholera in 2018; the UN agencies joint-up efforts on an integrated livelihoods recovery and resilience building interventions in hotspots areas in Somali region where emergency relief is being provided as a means for long-term livelihoods improvement and resilience of drought affected communities; the Comprehensive Refugee Response Framework (CRRF) (see further below); the pilot Satellite Index Insurance for Pastoralists project and the Rural Resilience Initiative in Tigray/Amhara, which aimed to build resilience and adaptive capacity of food-insecure pastoralists and farmers.

A Multiyear Resilience Strategy (MYRS) has also been developed under the leadership of the Resident Coordinator/Humanitarian Coordinator which seeks to bridge the humanitarian and development divides. The MYRS has identified a set of collective Outcomes¹⁶⁶ to be pursued by both the government and development partners in support of ongoing efforts in building disaster resilience and safe guiding development gains¹⁶⁷. The 2020-2025 vision aims at Government and its development partners to provide adequate resilience-building assistance in normal years to meet the needs of chronically food insecure households and facilitate the phased withdrawal of humanitarian assistance from the Focus Area. The Strategy will be delivered through the Collective Outcomes, aligned with the SDGs and Government development plans. Five collective outcomes have been identified for the coming period: Collective Outcome 1 [End poverty and hunger, achieve food security, and improve nutrition and sustainable agriculture (SDGs 1, 2, 8)], Collective Outcome 2 [Ensure improved access to basic services and promote wellbeing for all, at all ages (SDGs 3, 4, 6)], Collective Outcome 3 [Make market towns and human settlements, safe, resilient and sustainable (SDG 11)], Collective Outcome 4

[Promote peace, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels (SDGs 4 and 16)], and Collective Outcome 5 [Strengthen government disaster risk management and climate change adaptation organizational and institutional capacity including data collection, analysis, planning, programming and budgetary processes to ensure more strategic investment and improved resilience outcomes. The strategy will be piloted in a Focus Area comprising 12 drought-prone zones – nine in highland moisture deficit areas, and three in the pastoral lowlands in north-eastern Ethiopia.

The Global Compact on Refugees (GCR) and the Comprehensive Refugee Response Framework (CRRF) provide opportunities for the UN system to jointly operationalize the NWOW in Ethiopia. There is significant additional financing to leverage in relation to its implementation. The CRRF effort bridges the humanitarian-development-peace nexus by working to generate livelihoods and increase the self-reliance of refugees and host communities, eventually making refugees independent contributors to the economic development of the country and less dependent on humanitarian aid. It also works towards progressive inclusion of refugees in national service delivery systems, particularly in education, health, wash, and social protection sectors, while at the same time strengthening national services in marginalised refugee-affected areas for the direct benefit of host communities. The Government of Ethiopia, through its CRRF Roadmap (2017) and draft National Comprehensive Refugee Response Strategy (NCRRS), articulates the CRRF as a way to strengthen national services and systems for the hosts, while at the same time supporting the gradual inclusion of refugees within national development plans.

With the protracted crises and high number of people displaced from both intercommunal and transboundary conflicts, a Duration Solution Initiative has been endorsed by the Government, which provides a principled operational framework and platform to design and implement durable solutions programming in support of IDPs in Ethiopia and host communities/communities at locations of return, relocation or local integration.¹⁶⁸ It aims at facilitating

¹⁶⁶ The Secretary-General's 2016 report for the WHS, One Humanity, Shared Responsibility, first presented the concept of collective outcomes as a commonly agreed result or impact focused on the reduction of people's needs, risks and vulnerabilities and increase their resilience. The concept of collective outcomes is the single most transformative aspect of the New Way of Working (NWOW).

¹⁶⁷ Multiyear Resilience Strategy, 2019

¹⁶⁸ Durable Solution Initiative, 2019

collective action and cooperation between the GoE authorities at national, regional, and local levels and the international community.

The Peacebuilding Fund (PBF) supports a project “Inclusive Governance and Conflict Management Support for Ethiopia”, totaling \$2.8 million, under the Immediate Response Facility (IRF) of the Fund. The current IRF project in Ethiopia is aimed at helping kick-start a national process on the inclusive development of a peacebuilding strategy led by the newly established Minister for Peace. The project also attends to critical regional and local peacebuilding challenges stemming from conflict-induced internal displacements by strengthening the capacities of regional governments to protect civilians and resolve conflicts. Project focus areas include the Gedeo-West Guji zone of the Southern Nations Nationalities and People’s Region (SNNPR) and the Oromia-Somali border region. The project is strategically well-positioned with a focus on both the national policy level and on reducing regional and local-level conflicts. The project’s support to developing a holistic and inclusive national peacebuilding strategy for the Ministry of Peace seems particularly timely.

The Ethiopian Government has expressed interest in pursuing eligibility to the PBF to access resources beyond the Fund’s IRF, which is limited to a \$ 3 million ceiling. While PBF internally has limited flexibility for fast-tracking such a comprehensive eligibility process, the Fund has some leeway in re-adjusting the current PBF-supported IRF project to accommodate immediate needs and urgent asks of the Government to address e.g. expressed concerns around the prevention of electoral violence ahead of national elections next year. The Fund stands ready to coordinate with the UNCT to identify possibilities for re-directing funding to critical areas that require immediate attention. In addition, it is possible to consider the option of extending the duration and increasing the funding for the current IRF project, provided availability of funds at PBF and within the limits of our internal rules and regulations.

The success of these and similar initiatives will depend on the will of the government and all partners continued collaborative efforts in planning and programming. In particular, the following practices have been identified as some of the key barriers to

the development of collective humanitarian-development-peace outcomes.¹⁶⁹

- **Planning in ‘silos’:** Ethiopia’s humanitarian-development policy frameworks and initiatives (PSNP, HRD, CRRF, the Disaster Risk Management Strategic Programme Investment Framework and Climate Resilience Green Economy Strategy) are currently being implemented with limited coordination and institutional fragmentation among the responsible ministries/departments.¹⁷⁰ For example, food and cash delivered through the PSNP (supported by the World Bank (WB) and key development partners) and humanitarian relief food (supported by humanitarian donors) fall under different ministries.
- **Fragmentation of gender disaggregated data and its accessibility:** There is fragmentation of data and its accessibility to support decision-making. Where this is available, it is not gender sensitive or detailed enough to support and define the needs of the most vulnerable groups. There is, thus, the need to improve coordination that fosters data collection and sharing of situational analysis between humanitarian and development actors, including the UN, IFIs and I/NGOs.
- **Lack of flexibility of financing mechanisms:** A continued funding approach as opposed to a financing/investment approach and lack of, and inadequate flexibility of financing mechanism is another obstacle.¹⁷¹

VI.2. THE WAY FORWARD

As Ethiopia moves into such a complex and evolving context, with protracted crises due to climate variabilities, exacerbated by conflicts, the UN efforts should focus on ensuring that development and humanitarian actors rally around collective outcomes supported by: revamped coordination structures; a consolidated UN wide position on the NWoW; better inclusion of the peace component to the HDPN tryptic; and joint up analysis stemming from the Humanitarian Needs Overview (and its multiple data set sources) feeding into an overall Multi Year Resilience Strategy (MYRS). It will also be essential for the UN to work on the articulation of the collective outcomes, planning and programming (within the

¹⁶⁹ Ibid

¹⁷⁰ Ibid

¹⁷¹ Ibid

UNSDCF and the HRP) while ensuring stronger leadership of Government in the MYRS together with both humanitarian and development actors.

VII.

MULTIDIMENSIONAL SDG RISK ANALYSIS

As shown in Annex II on the SDG Status, **despite a strong record of progress on the MDGs, Ethiopia faces significant challenges in achieving the SDGs, reflecting a substantially more complex and ambitious undertaking.** The evidence shows that the biggest gaps exist in ending hunger (SDG2), improving access to safe water and sanitation (SDG6) and managing sustainable urbanization (SDG11). Dealing with gender equality (SDG5) and strengthening partnerships to achieve the SDGs (SDG17) are also areas of major concern. Despite significant progress, a cluster of issues related to multidimensional poverty require attention: health (SDG3), especially of mothers and children, and the quality, accessibility, utilization and effectiveness of health services; low quality of instruction, poor learning outcomes and significant drop-out and low transition rates in education (SDG4); and poor access to energy, especially clean, green and renewable energy (SDG7). Underlying these are major questions around the pace of industrialization and access to new technologies (SDG9), with the share of industry, particularly manufacturing, very low at 16.7 percent and 5.4 percent of GDP respectively in 2015/2016; growing and large-scale risks from climate change (SDG13) and threats to sustainable management of natural capital (SDG15); and, as has been explained earlier, handling an increasingly difficult transition to a democratic polity (SDG16). Across all of the Goals, there is a manifest lack of timely, accurate, reliable and comprehensive data for many of the 169 targets pointing to ‘data scarcity’ as a major roadblock to effectively addressing the Goals.

This section looks at some of the risks that may have potential negative impact on the UN’s development agenda in Ethiopia, and mitigation measures. Based on the foregoing analysis, four main risks stand out: – intensified conflict both within the country and in the region; climate change risk, with its associated effects, including unsafe migration, food security, displacement, refugees, and population growth, including the youth bulge and unemployment.

Climate-induced hazards, conflict/political instability, disease, and economic policies (e.g., low productivity in agriculture) are risks that stand in the way of Ethiopia accelerating toward achievement of the SDGs. The fundamental hazards (both recurrent and persistent) are that the Government, through its political and social actions will aggravate one or more of the risks and through its economic policies, fail to build and maintain the buffers (foreign reserves, a functioning infrastructure, a basic level of services which reach the farthest first) that would otherwise ameliorate or reduce those risks.

VII.1. INTENSIFYING INTERNAL AND EXTERNAL CONFLICTS

Ethiopia is currently undergoing a transition period in its political and governance portfolios both at the Federal as well as at the Regional levels, and in other governance systems and structures within the country –with some regions facing some political instability and insecurity. It is also due to hold national elections in 2020. Already there are conflicting narratives emerging among opposing groups. The National Elections Board (NEB) noted insecurity, which has driven more than 2.4 million people out of their homes, could delay next year’s parliamentary election. However, critics say postponing the national vote could cause an adverse social reaction and further fuel regional and inter-communal conflicts. During interviews with stakeholders¹⁷², many key informants expressed the view that ‘conflicts in the country are escalating, instead of improving’. Some stakeholders saw this as a paradox of the opening up of political space – on one hand, it promotes participation, while on the other, it spurs conflict due to ethnicity mindset.

The rising number of countries with security engagements in the Horn of Africa is promoting a militarization of the region. The significance of this becomes apparent, when one considers that the Horn of Africa has experienced more inter-state wars than any other region on the continent. It has seen

¹⁷² Key informants from civil society and academia met during the preparation of this CCA.

four major inter-state wars and at least three violent conflicts in the post-independence era.¹⁷³ The major wars were fought primarily but not exclusively over territorial and border disputes.¹⁷⁴ Moreover, every country in the region has faced at least one civil war during the post-colonial era. In most cases, states have fought multiple civil wars. Furthermore, governments in the Horn of Africa have intervened in each other's internal conflicts for a variety of reasons. Some support insurgencies in a neighbouring country because of ethnic ties with the rebelling groups. It is also not uncommon for ethnic-based insurgency groups to obtain support from populations of neighbouring countries because of ethnic ties, even when they do not obtain direct support from governments of those neighbouring countries.

The Gulf entanglement: The growing tensions and new alliances in the Horn of Africa have both positive and negative impacts on states in the region. Sudan and Ethiopia, which tried to stay neutral during the Gulf spilt, have been pushed closer to Turkey and Qatar as a result of dispute with Egypt over the GERD dam.

Ethiopia, Somalia and Sudan that have tried to stay neutral and even offered to mediate at the beginning of the crisis, have now drifted to Qatari-Turkey orbit. Meanwhile, Djibouti and Somaliland have thrown their lot in with Saudi alliance – hoping that associated investments pay dividends. Relations with the oil rich Gulf states are increasingly important to countries in the Horn of Africa, in this era of dwindling economic aid, and while investment in infrastructure has the potential to be transformative (by boosting regional integration and trade), the current Gulf crisis has the potential to impact negatively on regional stability. Balancing these dynamics will be a test for states in the region that are already facing a complex set of internal political and conflict challenge.

VII.2. CLIMATE CHANGE

The Horn of Africa is one of the regions that are most vulnerable to climate-related risks. Except for protracted conflict and political violence, climatic-induced risk is the major driver of vulnerability in the region, particularly for poor communities and pastoralist whose livelihood depends on rain-fed agricultural systems. Ethiopia is an agrarian economy with more than 80 percent of the population getting their earnings from farming and livestock production. The dominant subsistence farming is highly prone to climate change and weather adversity such as droughts which were recurrent problems in the past one to two decades. A moderate drought in Ethiopia reduces growth in agricultural incomes by 15 percent on average and increases poverty by 13.5 percent.¹⁷⁵ Drought also severely affects pastoralist livelihoods causing human tragedy and loss of livestock. Climate change exacerbates land degradation: 85 percent of land in Ethiopia is moderately to severely degraded, undermining agricultural intensification and rangeland management efforts.¹⁷⁶ Because of women's limited decision-making power, their involvement in the distribution of benefits from environmental management is restricted, leaving them more vulnerable to climate change than men.¹⁷⁷ Ethiopia's economy is also highly dependent on natural resources. Exploitation of these natural resources may generate large economic benefits in the short term. However, in the long-term, unsustainable use of these natural resources have increased not only environmental degradation and livelihood opportunities and is leading to environmental health concerns of malnutrition, polluted water and indoor air pollution; and unreliable access to food and water.

These extreme weather events have increased in recent years and are associated with climate variability and change.¹⁷⁸ This has resulted in more crop and livestock pests and diseases, shortage of feed and water for the pastoralist, all leading to

¹⁷³ Discussion Paper: Critical factors in the horn of Africa's raging conflicts, Nordic Institute, 2016

¹⁷⁴ Ethiopia and Somalia, Ethiopia and Eritrea, Southern Sudanese war; etc.

¹⁷⁵ World Bank, 2015. Federal Democratic Republic of Ethiopia: Ethiopia poverty assessment. Available at <http://documents.worldbank.org/curated/en/>

¹⁷⁶ European Union Delegation to Ethiopia. 2016. Addressing the root causes of recurring food insecurity in Ethiopia: Sharpening the debate by reflecting on weather, climate change, demographic, technological, policy and governance factors. Available at <https://europa.eu/capacity4dev/file/85503/>

¹⁷⁷ Green Climate Fund, 2017: Project FP058: Responding to the Increasing Risk of Drought: Building Gender-Responsive Resilience of the Most Vulnerable Communities. Ministry of Finance and Economic Cooperation, document no. B.18/04. <https://www.greenclimate.fund/projects/responding-to-the-increasing-risk-of-drought-building-gender-responsive-resilience-of-the-most-vulnerable-communities>.

¹⁷⁸ Technical Summary: Greater Horn of Africa climate risk and food security atlas, WFP, 2018.

livestock deaths and total crop losses, as well as frequent emergencies, food insecurity, infrastructure damages and high economic costs.

Rainfall patterns in the country are highly unpredictable and variable due to its complex topographical features such as the Rift Valley System, mountains, plateaus, and large inland water bodies. El Niño/La Niña and the Inter-Tropical Convergence Zone (ITCZ) also cause rainfall anomalies in the country. There is a difference across GHA: some areas have bimodal rainy seasons, whilst others have unimodal affecting crop and livestock production and food security. Drought severely affects pastoralist livelihoods causing food insecurity through loss of livestock. Children are separated from their main dietary source, animal milk, as the animals are taken away in search of fodder. Some households fail to sustain their livestock during the drought and become pastoralist drop-outs with very few options for diversified livelihoods.

Climate change is therefore a real risk for Ethiopia's development trajectory, and by extension for the UN's agenda to support the government and people of Ethiopia to achieve their aspirations and the SDGs.

VII.3. POPULATION GROWTH

Ethiopia's population is expanding at a rate of 2.5 percent and is estimated at about 112 million people (64% of which are under 24). This compromises social and economic gains and places high pressure on smallholder farmland, leading to severe fragmentation and unviable sized holdings, which is a push factor for fast urbanization. It also exerts considerable pressure on the demand for social services and strains on labour market, which already fails to provide adequate employment opportunities. The country's population is expected to reach 122 million by 2030, since nearly 2.5 million people are added every year.

Although the country experienced double-digit economic growth during the 2000s, its economy is based on traditional agriculture, and large number of its inhabitants still live in poverty (23.5% in 2016/17), a third of whom are threatened by famine. *Ethiopia's* population is also heavily fragmented in ethnic terms, and during the past year it has suffered a high degree of socio-political turmoil. But most importantly, especially in the long term, it is one of

the countries more exposed to the effects of climate change.

The rapid population growth, coupled with weak governance systems especially at the decentralized levels to manage resources and climate related risks, has further impacted the resilience of the society across sectors. Though such population growth has always been a predetermining factor of economic development, the rapid population growth rates have strained resources, particularly in some of the regions. The more families decide to have more children, the larger the families' burden to share resources with each child. This results in less saving and reduced economic scale of families. A burgeoning population also entails that economic development must outpace population growth. Basic social services and employment opportunities get strained by a gradually declining infant mortality rate coupled with high fertility rates. The elevated number of population prompts enlarged demand for scarce resources including food, housing, education, access to health as well as employment opportunities. Lack of short-medium and long-term country-level demographic plans have also escalated the uncontrolled population patterns.

For Ethiopia to achieve economic development and social transformation, it should strive to balance its population growth with the GDP growth through improved productivity. This requires sound and practical policies on population, urbanization and economic growth. When population growth declines over a continued period, the proportion of the working-age population increases relative to the economically dependent younger generation. This arrangement offers an opportunity for Ethiopia to raise its level of economic development using its demographic dividend.

The Government of Ethiopia should continue to support rights-based and gender-sensitive family planning programmes that primarily address the needs of the beneficiaries, improve the lives and health of the women and the family, empower women and girls and reduce total fertility rate in the long term. Education and economic empowerment of women can change a lot, creating an understanding of the general public towards the negative consequences of raising too many children. Improving medical care and coverage also plays a vital role as it stops people from having too many children for fear of child mortality due to lack of access to medical services.

VII.4. ECONOMIC TRANSFORMATION

Key risks to economic transformation lay down political and macro-economic stability. The 2020 foreseen political elections may hamper an already pretty precarious social and political peace, derailing the new reform agenda and negatively impacting on growth through lower FDIs, tourism, and exports. On the macroeconomic side, the major risks are posed by external debt sustainability, trade imbalances due to an overdependence on imports and foreign exchange shortages.

Weak competitiveness and a heavy presence of the State in key economic sectors may constrain the development of the manufacturing and services industries, and subsequently impact on the creation of new jobs. The crowding-out effects of the private sector as a result of States' investment and policy decisions may hamper the whole economic growth model the GTP II is building on. Massive industrialization and unplanned urbanization pose challenges in terms of environmental sustainability, since the supply of urban serviced land for housing and economic investments, mainly driven by the public sector, is not matching the current demand.

Fair and transparent administrations are key enablers for investors and development partners' confidence and support. Corruption, heavy and blurry bureaucracy at all levels, from the Custom Officer to the highest position in charge may have adverse effects on the overall investment and doing business environment.

Regional and internal stability has important demographic effects through migrants and IDPs, affecting the absorption capacities of the economy as a whole, but also of those areas particularly affected, including cities, which are big recipients of international and internal migration flows.

VIII.

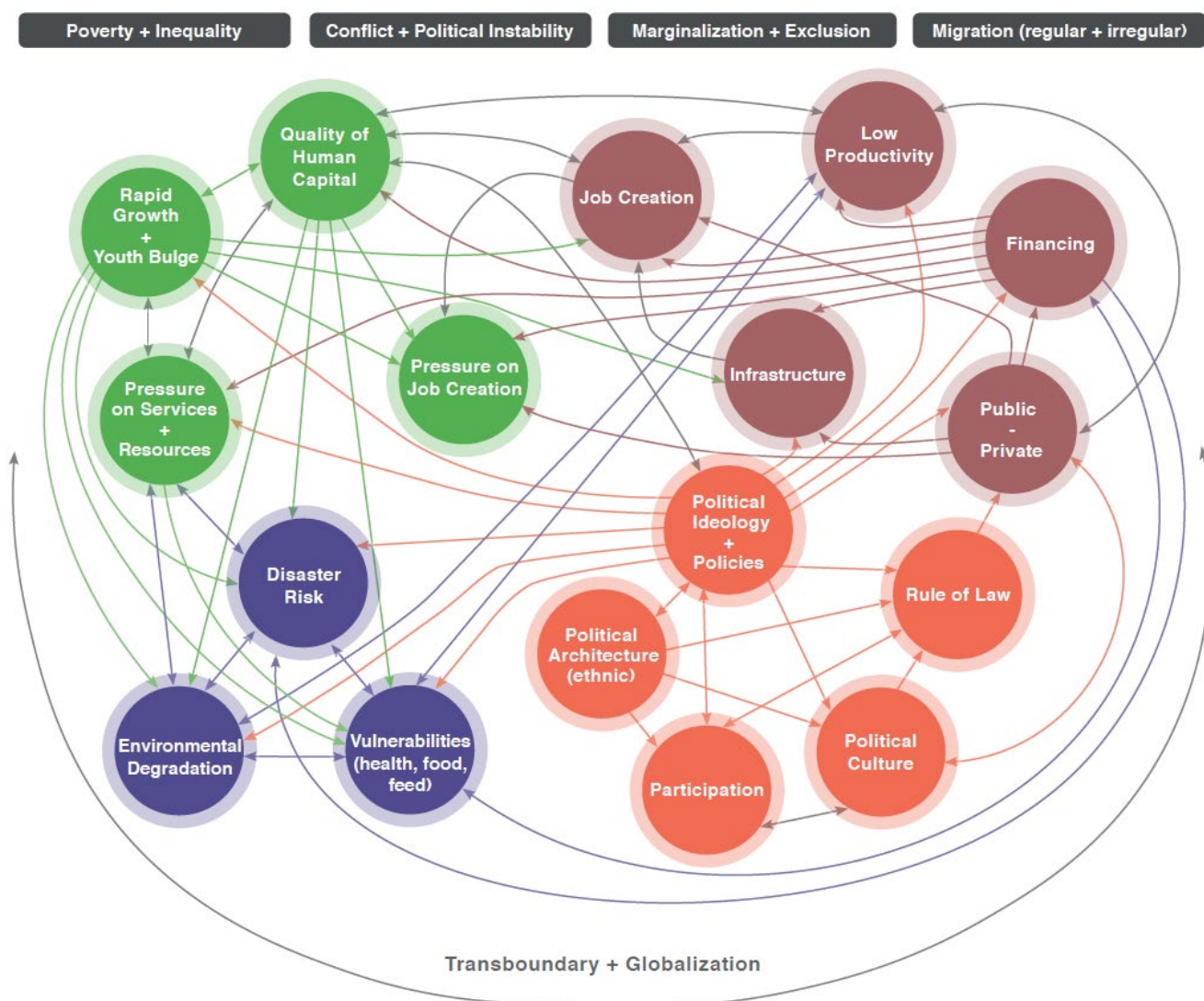
SYSTEMS MAPPING AND SCENARIO ANALYSIS

VIII.1. SYSTEMS MAPPING
APPROACH

Applying the systems mapping approach to the CCA is useful. The amount of data that is presented in the foregoing analysis is massive. It therefore presents a challenge with respect to how to analyse the data effectively and to identify the connections, including any causes and effects. One methodology that could possibly yield useful analysis is the systems mapping approach.

A **Systems Mapping** is a visual **mapping** resource that looks at how variables interact over time and form patterns of behaviours across the **system**. When the data from the UN joint analysis team was subjected to the systems mapping, it yielded the following relationships (See Figure below).

FIGURE 5: Systems Mapping



The resultant relationships emanating from systems mapping analysis can be grouped into three categories as follows:

- (a) **Effects** – descriptions of the conditions being experienced by the population and associated behaviours and actions;
- (b) **Causes** – factors contributing to these conditions, often classified in theories of change as immediate, underlying and structural; and
- (c) **Guiding principles** – shared views emerging across work streams on *how* to intervene in the emerging system to influence its dynamics.

The table below shows the major effects, i.e. the life that people experience.

TABLE 5: Major effects experienced by people

<p>POVERTY + INEQUALITY + VULNERABILITY</p> <p>Widespread un- and under-employment (youth, urban) Low and volatile incomes Low Household asset base Illiteracy Disease burden Malnutrition Food insecurity Energy poverty Vulnerability</p>	<p>MARGINALISATION + EXCLUSION</p> <p>Negative gender-differentiated conditions and outcomes Insufficient participation and ‘voice’ (society, politics and economy) Human rights shortfalls/violations Regional imbalances and disparities in development</p>
<p>CONFLICT + INSECURITY + INSTABILITY</p> <p>Elite capture/dominance Conflict over natural resources (land, water) Limited framework to-date to deal with large pastoral pop. Human rights violations Ethnicized violence Federal – Regional tensions Risks of fragmentation Radicalization and extremism Insufficient transparency and dialogue on conditions (e.g. regarding IDPs)</p>	<p>MIGRATION + DISPLACEMENT CHALLENGES</p> <p>Conflict-induced displacement (intra and inter regional and group-based) Climate change caused population movements Regular and irregular migration Human trafficking</p>

The second set of interconnected elements (see Table below) comprises the causal elements that contribute, either individually or jointly, to the effects experienced by people as shown above.

TABLE 6: Causal elements

<p>RAPID POPULATION GROWTH</p> <p>High TFR, decreasing mortality and rapid annual growth rate Youth bulge Pressure on job creation Pressure on natural resources, food insecurity and malnutrition infrastructure, basic services (including sexual and reproductive health services)</p>	<p>GOVERNANCE SHORTFALLS</p> <p>Legacy issues (ensuring respect for the rule of law, upholding a positive human rights culture and accompanying practices) Nascent/fragile democratic culture Challenges of transparency in public and political behaviour Historical grievances Challenges of managing diversity Ethnic federalism + ethnicised politics Polarised politics Federal-Regional competition and disconnects 'Centralised' decentralisation Uneven wealth distribution (income, spatial)/Inequality Limited social protection State dominance across many spheres of life BUT low state capacity to follow-through on plans/reforms Small footprint, limited 'maturity' and still low impact of the private sector, media and civil society Stressed social contract (expectations outstripping gains from reform)</p>	<p>SLOW ECONOMIC TRANSFORMATION</p> <p>Income inequality Unchanged and undiversified economic structure (low industrial base, largely rain-fed agriculture-based employment, firm structure with a 'missing middle' of MSMEs) Low productivity Low employment elasticity of GDP Macro constraints (inflation, debt, balance of payments) Low domestic resource mobilization 'Crowding out' of the private sector in credit markets Limited private sector participation in the economy Insufficient access to finance (macro, micro, forex crunch) Undiversified export basket Weak export performance (structural trade deficits) Logistics shortfalls Infrastructure deficits Bureaucracy and 'red tape' Uncompetitive investment climate Relatively low domestic + foreign private investment Market inefficiencies Technology + R&D + innovation gaps Accelerating + unplanned + unbalanced urbanisation</p>
<p>LEGACY OF IDEOLOGY + POLICY + DEVELOPMENT MODELS</p> <p>Undiversified economy Ineffective education systems (including TVET) Harmful attitudes and practices/mind-set challenges Policy 'lags' on a wide variety of issues e.g. MSMEs, land, youth, population, tourism Non-optimal state-private sector balance Negative attitudes to the private sector</p>		
<p>NEGATIVE CLIMATE CHANGE IMPACTS</p> <p>Rising frequency and intensity of disasters Growing risk of food insecurity Accelerating environmental degradation (soil loss, water scarcity, deforestation, loss of biodiversity) Climate-induced migration Negative impact on livelihoods + health + other vulnerabilities</p>	<p>NEGLECTED TRANSBOUNDARY ISSUES</p> <p>Poor sub-regional integration limiting benefits from trade and legal migration Inadequate management of shared natural resources Inaction on common risk exposure (e.g. to shocks) Illegal trade/smuggling/trafficking Unchecked flow of SALW Insecurity and Conflict</p>	<p>GLOBALISATION RISKS</p> <p>Lack of global competitiveness Insufficient capacity to attract and manage capital flows (scale, volatility, impacts) Shocks (economic, environmental, political, cultural) Negative communications + social media impacts Polarized global politics/geo-politics</p>

VIII.2. SCENARIO ANALYSIS

The following scenarios represent the pre-COVID analysis prepared during a collective brainstorming meeting of the UNCT in late October 2019. The meeting, among other things, discussed on possible future events and their outcomes that will potentially shape the country's development trajectory during the course of the next Cooperation Framework.

With the impact of the COVID-19 pandemic, however, the future scenarios will change drastically (see section VIII.2.2). While Ethiopia is not projected to experience an economic contraction, unlike many emerging and frontier economies, it could see growth in real GDP drop in the worst case to only about 2.8 percent this year with a gradual recovery in 2021 to about 6 percent.

VIII.2.1 PRE-COVID-19 SCENARIOS

Scenario 1: Optimistic

Description: Under scenario 1, Ethiopia's GDP continues to grow at not less than 8 percent per year. Political tensions at all levels decrease and the country is able to move forward with cohesion. Progress towards the SDGs continues at a pace that enables the country to achieve all the targets by 2030. This also means in effect, that access to basic services, particularly health, water and sanitation, education and social protection services are improved with more people having access. The Horn of Africa region experiences relative peace and stability, with the conflicts in South Sudan and Somalia largely resolved, or at the very least, not escalating.

Analysis: This scenario is the most optimistic, directional and aspirational, and in some respects, matches the GoE vision for the future. There are, however, some inherent weaknesses in the assumptions that make this scenario very unlikely. In the first instance, there are gaps with regards to the full integration of some assumptive realities such as for example, climate change effects, which can only be mitigated by policy but not completely removed. Some of the underlying challenges also involve behavioural changes and mindsets that may not take place within the short term. This includes for example, the youth bulge, human capital accumulation, or reversal of environmental degradation, including reclamation of lost plant and biodiversity.

Furthermore, this scenario does not seem to fully consider the impact on people in the context of 'leave no one behind' and human rights. The triggers of vulnerability as discussed in Chapter 2 above cannot be wished away. It will take concerted efforts and targeted programme interventions to build sustainable resilience in disadvantaged groups and communities. This includes making a deliberate effort to fully integrate development, humanitarian, peace, and human rights issues in planning and programme interventions.

Even if some of the assumptions were to materialise, there would still be a probability that (i) they may not be uniform across all the regions countrywide; and (ii) some of the variables may not stay constant but may shift between one scenario to the other over time. This includes, for example such variables as natural disasters, financing flows, especially ODA, conflict, refugees and displacement.

Scenario 2: Middle of the Road

Description: This is the 'middle of the road' scenario (i.e. between optimistic and pessimistic), whereby all variables do not go to extremes. The economy is expected to continue on its growth path but at a slower rate of around 5-6% per year. While there will be general political stability, pockets of conflict and inter-ethnic tensions will continue to exist in a number of hotspots, causing displacement but not so widespread. Basic services will be improved but combined with the effects of population growth, the absolute numbers of deprived people with no access to basic services, will continue to grow. This will be the same with regards to employment, where the government's economic reforms will be expected to create substantial employment through the agro-industrial parks and special economic zones, but this will not be enough to absorb the growing numbers of the youth bulge.

Analysis: This scenario gives the most realistic and likely situation. On one hand, it acknowledges that the government has put in place a package of reforms and programmes towards a set of well-defined objectives, including the SDGs and its national vision of middle-income status. On the other hand, by not going to extremes, there is recognition that in the real world, there could be some intervening circumstances that may militate against planned results.

Given the very assumptions underlying the scenario, it also means that there is a risk that some of the

variables may deteriorate to extreme positions if appropriate early warning and response mechanisms are not established and resourced adequately. This includes such issues as spread of inter-ethnic conflict to areas not previously affected, as well as potential increase in multidimensional poverty due to natural disasters.

Scenario 3: Pessimistic

Description: Under this scenario, economic growth will be expected to slow down considerably, possibly to around three to four percent per year. In the political sphere, the country is expected to experience rising inter-ethnic conflict leading to widespread political instability, which will have adverse effects on governance sectors, including displacement and human rights. Youth unemployment will continue to rise, further fueling conflict and social unrest, while also exacerbating inequalities. The situation in the Horn of Africa region will also continue to deteriorate, causing wide movements of migration and refugees into Ethiopia, which will add more burden to an already volatile situation on the displaced population.

Analysis: This pessimistic scenario is not likely, if only because it negates all the progress that the country has achieved so far. However, this also offers an opportunity for the country to do a reality check, because of the probability, even if slim, that conditions may slide backwards and forwards between one or more of the three scenarios, as well as consideration of spatial differences between regions, given the wide diversity of Ethiopia.

VIII.2.2. COVID-19 SCENARIOS

The ONE UN socio-economic impact assessment outlines three scenarios using Scenario 3 in the National Emergency Response Plan (NERP)¹⁷⁹ as the starting point. In the NERP Scenario 3 called ‘Severe impact,’ Ethiopia confirms an outbreak of COVID-19 and cases are reported in more than two Regions with high morbidity and mortality. The NERP uses this as its primary reference scenario.

Scenario 1: Optimistic

Relatively Low-Intensity Epidemic with Limited Economic Lockdown

Description: Testing is ramped up country-wide by end-April/early-May to 4-5,000/day or more and supplies of essential equipment and materials (PPEs, masks, ventilators, sanitisers) helps the health systems to keep pace with demand. Combined with strengthened surveillance, contact tracing and isolation of positive or suspicious cases, this helps to contain the spread of the virus. The first set of measures put in place through the State of Emergency (SE) prove to be sufficient. Infection is confined primarily to Addis and 3-4 regions (mostly their urban centres) with some localised outbreaks occurring elsewhere but brought swiftly under control. There is no evidence of widespread infection in rural areas. Economic activities are locked down for around two months at the most: culture, sports, entertainment events; restaurants and bars; all education (but educational fees and teacher salaries are unaffected for the most part). The locust invasion does not worsen from current levels. A gradual and phased relaxation of the restriction by the third month from the outbreak of the infection becomes possible.

Using effects from earlier shocks as a reference point but assuming that Ethiopia now has much stronger policy tools at its disposal and benefits from some upside developments as well, real GDP growth in 2020¹⁸⁰ could be in the range of 7% - 4.23%, but closer to the lower end. Some deferment of consumption and investment by households, businesses and foreign investors will weigh on overall demand and growth. A gradual recovery in Q3 is possible albeit ambitious.

Assuming that the brunt of the impact will be felt in industry (both manufacturing and construction) and services (tourism, hospitality, a wide range of small-scale informal sector activities), an immediate 10-15% loss of employment/livelihoods (self, wage) is possible leading to a cumulative loss of perhaps 1.4-1.6 jobs/livelihoods, mostly in urban areas, during Q2-Q3 2020. The Jobs Creation Commission (JCC) estimates that 1.9 million self-employed in the services sector will lose USD 265 million in income in the first three months of the pandemic. A pick-up towards the end of the year is possible.

¹⁷⁹ NERP, 1 April 2020.

¹⁸⁰ Using both the official estimate of 9% and the IMF’s projection in late-2019 of 6.23%.

A significant proportion of the 820,000 MSMEs in Ethiopia could come under pressure, even with a crisis lasting a single quarter let alone two or more successive quarters. The pressure on micro enterprises will be much greater and so will the likelihood of significant closures.

It is very likely that those hovering just above the poverty line will drop below it but, with recovery in Q3-Q4, this could be minimised and temporary. This will be accompanied by increase in food insecurity and prevalence of acute malnutrition. If projections – and they are just that, not predictions – on employment effects are factored in, then a minimum rise in the scale of the PSNP + UPSNP from 9 million to close to 10 million beneficiaries – as suggested by the NERP – is quite possible. Slight deterioration in terms of reported poor food consumption and diets quality is expected, particularly among the pastoralist population due to their dependence on markets for food during this period. Essential services to survivors of VAWG start to get interrupted.

Scenario 2: Middle of the Road

Intermediate-Intensity Epidemic + Increased Restrictions + Lockdown (at 50% of cap.)

Description: Despite increased testing and improved surveillance, contact tracing and isolation of positive or suspicious cases, infection, morbidity and mortality keep increasing in absolute terms, with the rate of infection rising, suggesting a higher gradient curve. The health system is placed under severe pressure, at growing risk of collapse. The strain on essential public services/functions becomes evident and degradation of services becomes a matter of concern.

The first set of measures put in place through the SE need to be reinforced and localised lockdowns become necessary in a rising number of hot spots. Infection spreads beyond Addis and 3-4 regions and, worryingly, there is evidence of accelerating infection rates in rural areas, especially those adjacent to large urban centres and along major transport and logistics routes.

Non-essential economic activities are shut down for around 3-4 months in key urban centres: culture, sports, entertainment events; restaurants and bars; all education (but educational fees and teacher

salaries are unaffected for the most part). The locust invasion spreads.

An exit from lockdown does not seem feasible till Q4 2020 at the earliest.

Using effects from earlier shocks as a yardstick but with much sharper impact, real GDP growth in 2020¹⁸¹ could be in the range of 5.4% - 3.7%, more likely to veer towards the lower end. There is a major drop in consumption and investment by households, businesses and foreign investors dragging down overall demand and growth.

A 30% loss of employment/livelihoods (self, wage) is possible leading to a cumulative loss of perhaps 2 million+ jobs/livelihoods, mostly in urban areas, during 2020. A pick-up will have to be postponed till Q2 2021.

A significant proportion – 30%+ - of the 820,000 MSMEs in Ethiopia could come under serious pressure, with a high proportion of these not being able to outlast a drop in demand and revenues as well as faltering supply chains beyond Q3 2020.

It is very likely that those hovering just above the poverty line will drop permanently below it, making recovery much more difficult. This will be accompanied by deterioration in health, household food consumption, food security and nutrition and a potential increase in VAWG. With partial or localised lockdowns in place, women and girls face challenges in reporting cases of violence, compounded by a serious interruption of essential services for survivors. All of this will put pressure on safety nets. A rise in the scale of the PSNP + UPSNP or complementary initiatives from 9 million to close to 12 million beneficiaries is possible.

Scenario 3: Pessimistic

High-Intensity Epidemic + Strong Restrictions + Widespread Lockdown

Description: Ethiopia appears to be firmly on the exponential growth phase of the pandemic curve, with flattening months away. Infection, morbidity and mortality rise steeply, with the health system unable to cope and collapsing under the pressure. Infection is evident in all regions and community transmission is entrenched and spreading in rural areas. The SE is tightened sharply, with localised lockdowns replaced by either large-scale or even a national

¹⁸¹ Using both the official estimate of 9% and the IMF's projection in late-2019 of 6.23%.

lockdown. Non-essential economic activities are shut down for 4+ months. The locust invasion either stabilises at a high level of impact or it continues to spread as government capabilities falter.

There are clear signs that essential public services/functions are being degraded, particularly outside major urban centres. Social unrest becomes evident in bigger cities and towns. Law and order begin to fray significantly in rural areas.

An exit from lockdown does not seem feasible till Q1 2021 at the earliest.

Using effects from earlier shocks as a yardstick but with much sharper impact, real GDP growth in 2020¹⁸² could in the range of 5% - 2.23%, much more likely at the lower end of the estimate, with no growth or even a contraction possible. There is a massive drop in consumption and investment by households, businesses and foreign investors

Large-scale loss of employment/livelihoods (self, wage) is possible leading to a cumulative loss of perhaps 4 million jobs/livelihoods, mostly in urban areas, during 2020. A pick-up will have to be postponed till Q2 2021.

A very high proportion – approaching two-thirds - of the 820,000 MSMEs in Ethiopia could come under serious pressure, with a large percentage (50%+) unable to outlast a drop in demand and revenues as well as faltering supply chains beyond Q3 2020.

There will be pressure for a massive rise in the scale of the PSNP + UPSNP or complementary initiatives from 9 million to close to 15 million beneficiaries. There will be clear signs of localised food shortages, growing food insecurity in remote areas, rising (acute) malnutrition and worsening health status among children and the elderly. Health care resources might be diverted fully to responding to the outbreak creating gaps in essential health services for women and girls including maternal and sexual reproductive health, child health, and services for survivors of violence. Police and justice sector may be overwhelmed and shift their priority to enforcing the lockdown leaving survivors of violence without the protection they need.¹⁸³

VIII.3. POTENTIAL UN COPING STRATEGIES

Each one of these scenarios will potentially have a differential effect on the way the UN works in Ethiopia.

The **policy response to COVID-19** needs to distinguish between two distinct but overlapping phases: response (or management of immediate health and economic shocks) and recovery. Response needs to focus on the obvious and immediate priority to save lives and livelihoods. The front-line policy measures for response are emergency support for overwhelmed health systems and for the millions of formal and informal sector workers, enterprises and businesses who are being hit hard. Its duration can vary but anywhere between the first 3-6 months from the outbreak of the pandemic.

Recovery is essentially about return to trend as quickly as possible but doing so smartly, taking advantage of large-scale policy measures to tackle systemic risks and development shortfalls exposed by the pandemic rather than simply return to business-as-usual. A shift towards recovery can begin 3 months into the pandemic and could last anywhere between 12-18 months from the outbreak of the pandemic. The scale and speed of recovery will depend critically on policy actions undertaken during the initial stages of the crisis. As the economic downturn has been caused by an exogenous shock, it is possible for recovery to occur reasonably rapidly, provided regional and global conditions turn relatively benign and domestic vulnerabilities have been minimised effectively. But this will happen only if companies avoid bankruptcy and their balance sheets remain healthy, formal and informal sector workers do not lose their incomes and jobs, rural and urban livelihoods are protected, productive assets, trade networks and supply chains are preserved, and vital social expenditures are protected.

Government also needs to make credible commitments to sustain economic support well beyond the end of the health emergency.¹⁸⁴ Inevitably, the unprecedented nature and scale of the crisis means that policymakers will have to be

¹⁸² Using both the official estimate of 9% and the IMF's projection in late-2019 of 6.23%.

¹⁸³ Global UN Joint Programme, *COVID-19 and Essential Services Provision for Survivors of Violence Against Women*, 2020.

¹⁸⁴ Ian Mulheirn et al., 'The Economic Policy Response to Covid-19', Tony Blair Institute for Global Change, 6 April 2020 <<https://institute.global/policy/economic-policy-response-covid-19>> [Accessed 18 April 2020]

fast, willing to experiment and innovative in identifying policy gaps, and respond quickly and proactively as the pandemic progresses, and encourage mobilisation across the 'whole-of-government' and 'whole-of-society'. Looking further ahead, however, recovery also offers a significant opportunity to build a more resilient, inclusive and sustainable future ¹⁸⁵ rather than a return to status quo ante.¹⁸⁶

The key policy message of the One UN socio-economic impact assessment is unambiguous: response and recovery and the humanitarian, health and socio-economic dimensions of the crisis need to be thought through and addressed integrally, as none can be tackled effectively on their own without taking action on the other(s), recognising the interdependencies between them.

Response and recovery will also have a higher likelihood of success if they:

- promote measures that **put people at the centre** and protect them and their rights whilst also conserving vital economic and financial assets and systems;
- recognise and target those **sectors and groups that are most severely impacted** and are either already or likely to be left behind;
- avoid distortions in policy and investments that turn temporary measures into permanent 'giveaways' unless deliberately designed as incentives connected to **longer-term development** objectives; and
- seize the opportunity to **boost longer-term goals tied to the SDGs** that foster a fairer and more resilient, productive, greener and sustainable future for Ethiopia.

In the longer run, there are a number of strategies that should underly the UN's interventions in the years to come in order to be able to accelerate progress towards the 2030 Agenda:

Greater focus and emphasis for sustainability. While the three scenarios define specific situational conditions, they are not mutually exclusive. There is

a possibility that the situation could shift from one scenario to the other depending on various factors, including the response of government and its partners on one hand, and civil society on the other hand. The country's ecological diversity and the disparities between regions also mean that some aspects of each scenario may be experienced in different parts of the country at the same time.

This requires the UN to take a long-term vision and approach, while considering the three scenarios. In particular, the UN may consider the following:

- Risk mitigation and resilience development **mechanisms** at both political and implementation levels. For example, climate change has a long-term impact and needs a long-term intervention, which the UN can support.
- Look into sustainability issues due to political and institutional instability coupled with high staff turnover rate, in which the UN can help in strengthening governance and accountability mechanisms.

Harmonizing approaches and acceleration plans. Scenarios 2 and 3 have implications on Ethiopia's progress towards the SDGs and Agenda 2030, including particularly an adverse overall impact on people. Scenario 3, while being the most desirable, is also the most unlikely. This requires the UN to mainstream 'leave no one behind' concept in all its operations, which entails harmonizing its programming and enhancing coherence.

Address the triggers. Any shifts that may occur from one scenario to another will be preceded by a specific trigger or causal event. Some of the potential triggers include:

- Political dynamics and how they unfold, including federal and regional government relations;
- Climate Change aspect and its impact on the economy, depleting agricultural sector and exacerbating unemployment of the most vulnerable groups, negatively impacting migration;
- Social cohesion, peacekeeping and preventive measures.

¹⁸⁵ Stéphane Hallegatte and Stephen Hammer, 'Thinking ahead: For a sustainable recovery from COVID-19 (Coronavirus)', World Bank Blogs, 30 March 2020 < <https://blogs.worldbank.org/climatechange/thinking-ahead-sustainable-recovery-covid-19-coronavirus> > [Accessed 18 April 2020]

¹⁸⁶ Hartwich, Frank, Fokeer, Smeeta, Isaksson, Anders and Santiago, Fernando 2020. Managing COVID-19: How industrial policy can mitigate the impact of the pandemic" https://iap.unido.org/articles/managing-covid-19-how-industrial-policy-can-mitigate-impact-pandemic?_ga=2.54146600.1039653059.1588153755-295787221.1582751973

Absorptive and implementation capacities.

Regardless of which scenario prevails, the UN will need to pay particular attention on absorptive and implementation capacity of its key partners – government at all levels. This is even more important under scenarios 2 and 3, considering the following realities:

- Difference in capacities across regions and woredas.
- Different elements of institutions: federal vs. regional.

Trans-boundary aspects. The impact of events within the sub-region, in particular, the Horn of Africa cannot be over-emphasized. The UN may have a role to play with respect to:

- Promoting Regional cooperation including peace talks.
- Unify standards across the region/sub-region to boost the economy, taking into account country context.
- Use of regional entities such as the Intergovernmental Authority for Development in Africa (IGAD) and Africa Union (AU) to strengthen the role of UN at regional/sub regional levels.

IX. CONCLUSION

Despite a strong record of progress on the MDGs, Ethiopia faces significant challenges in achieving the SDGs, reflecting a substantially more complex and ambitious undertaking.

Looking ahead to 2030, a cluster of six factors need to be tackled head on in order for Ethiopia to have a good chance of achieving the SDGs. These factors are rooted in the transitions underway in the country and closely related considerations.

- **A successful – especially peaceful – transition to democracy that is rooted in and respectful of human rights.**

Ethiopia is currently attempting to do what has never before been tried in the country: establishing a genuinely plural and democratic polity. There is a major learning curve that confronts Ethiopian society in navigating this complex and fraught process successfully whilst entrenching the norms, practices and behaviours as well as the institutions necessary to realize civil, political, cultural, social and economic rights. How this experience – and experiment – unfolds will play a determinant role in shaping Ethiopia's future and its prospects of achieving the SDGs. It is encouraging in this respect that beyond the opening of the political and civic space, Ethiopia has been increasingly active on human rights issues. It underwent the third-cycle review under the Universal Periodic Review (UPR) in May 2019 and accepted 231 of 245 recommendations made by fellow Member States. In 2018, Ethiopia reviewed progress against the International Conference on Population and Development Plan of Action targets. The country was also reviewed by the Committee on the Elimination of Discrimination against Women (in February 2019) and has started accepting long-standing requests for visits from Special Procedure mandate holders. Ethiopia ratified the African Union Convention for the Protection and Assistance of Internally Displaced Persons in Africa (Kampala Convention) in February 2020. Furthermore, there are indications that the profile and impact of the EHRC has risen over the past year and

efforts are underway to reform institutions of justice and the rule of law.

- **Successful economic reforms that yield transformational results.**

As noted earlier, Ethiopia is substantially revamping its economic model towards a market-oriented, open, rules-based and private sector-driven economy. Much rides on the success of this effort: sustaining high and inclusive rates of economic growth, keeping income inequality in check, lowering income and multi-dimensional poverty, finding decent and productive jobs for a growing and young population, closing gender gaps in economic progress and, crucially, transitioning to a green economy that is much more resilient to climate change and a wide range of other shocks. But as experience of economic reform elsewhere in sub-Saharan Africa and beyond shows clearly, structural transformation is not guaranteed and will require consistent policies, a predictable and enabling climate for private sector participation, a leap forward in innovation and digitalization, access to clean and affordable energy, and well-targeted investments in human capabilities, productivity-enhancing technologies (not least in agriculture) and infrastructure – as well as effective risk management.

- **Faster progress in ensuring gender equality and empowering women and girls.**

Despite recent efforts by the Government to address this gap, the status of women remains a major obstacle to progress on the SDGs. Ethiopia scores 0.846 on the Gender Development Index, one of the lowest in the world, and stands at 117 of 129 countries in the SDG Gender Index. Women have markedly lower access to essential productive inputs and services. These disadvantages are compounded both by negative social norms that hold back women's voice and participation in community life and by traditional practices such as child marriage and female genital mutilation. The bottom line is that women's rights remain substantially unrealized, stemming from deeply rooted social norms and cultural practices. As a

result, women and girls are not equally participating and represented in society on an equal footing with men and face substantial constraints to their social, economic and political empowerment.

- **Coping structurally with climate change.**

The long-term and wide-ranging impacts of climate change pose a growing and structural risk to poverty eradication and sustainable development, not least given Ethiopia's high level of dependency on rain-fed agriculture and forests for food security, livelihoods and access to energy. As much as 10 percent of GDP may be lost annually due to climate change¹⁸⁷ as increasing natural disasters, loss of water resources, forests and biodiversity, and population displacement, especially from ecologically fragile lowlands, take their toll. Impacts on social cohesion and peace are also likely to be considerable as climate change triggers competition over scarce arable land, grazing areas, forests and water sources, not least under growing demographic pressures that exceed nature's carrying capacity. Social unrest and violence then become an increasing possibility. These phenomena risk diminishing Ethiopia's natural capital and long-term growth and development potential.

- **Exiting a vicious cycle of recurring humanitarian crises.**

Despite considerable policy prioritization and significant investment over decades – including creation of one of the largest social safety nets in sub-Saharan Africa (Productive Safety Nets Programme and its urban equivalent) – Ethiopia remains prone to recurring humanitarian crises. This constitutes a 'humanitarian dependence trap' that mirrors, albeit against a different context and set of metrics, the 'middle-income trap' holding back the potential of other countries. All of the structural factors mentioned in this section go to explain why this is the case, adding weight to the argument that Ethiopia needs structural solutions to issues of growth,

employment, poverty, social and gender equity, political participation and climate risk.

- **Achieving a step change in transboundary cooperation.**

The Horn of Africa is a crossroads of the world and Ethiopia is at its centre, impacting development across the subregion and affected in turn by what happens with its neighbours and in the Red Sea and Gulf of Aden. There are deep historical and cultural links across the subregion and shared interests in managing natural resources, preventing violent extremism and handling population movements in an area that is a major route for 'mixed migration'¹⁸⁸ as well as cross-border movement by pastoralist populations, refugees and asylum seekers. Despite these considerations, the Horn of Africa remains the least integrated of any subregion in sub-Saharan Africa. It is also the locus of a new '21st Century Great Game' involving both great and regional powers. At the same time, new opportunities are emerging, notably from the African Continental Free Trade Area (AFCFTA), fitting well with the ambitions and focus of Ethiopia's new economic model. Overall, it is hard to see Ethiopia achieving the SDGs without considerable complementary progress in building peace and prosperity in the Horn and finding effective ways of collaborating on shared interests whether climate risk, trade, migration or peace and security.

¹⁸⁷ Government of Ethiopia, *Climate Resilience Strategy*, 2015.

¹⁸⁸ Movement in which a number of people are travelling together, generally in an irregular manner, using the same routes and means of transport, but for different reasons).

ANNEX I: Sectoral Policy Frameworks and Investment Plans

This section discusses the sectoral policy frameworks and the investment plans. These sectors include justice, health, education, water and sanitation, civil society and the media.

Ethiopia has a number of policies, legal frameworks and investment plans in various sectors. The Ethiopian justice system encompasses the provisions of the 1995 constitution, the law-making institutions, institutions facilitating the functioning of the courts, and institutions charged with law enforcement. The two law-making institutions based on the Ethiopian Constitution are the House of Peoples' Representatives and the House of the Federation.

The Government has made revisions to some existing legislation with a view to addressing specific vulnerabilities, such as for example, Ethiopia's Revised Family Code (Proclamation No. 213) of 2000, which prohibits marriage before the age of 18 years.¹⁸⁹ However, the Minister of Justice may grant dispensation for individuals to marry at 16 years upon application by themselves or their parents/guardians. This law was initially applicable only in Addis Ababa and Dire Dawa. Regions are mandated to adopt their respective family laws. By 2018, seven out of the 9 regions of Ethiopia had adopted the revised family law of 2000, with some regions raising the age to 21 years. Afar and Somali regions do not have revised family laws and are applying the 1960 Civil Code which sets the minimum age for girls at 15 years.

There remains a need for further review and revision of other policies and legislation such as the Ethiopian Penal Code. For example, Ethiopia's National Penal Code does not protect males or females based on sexual or gender identity. In some instances, existing strategies and plans have expired and new plans need to be developed (e.g., National Strategy and Action Plan on Harmful Traditional Practices (HTPs) against Women and Children, which expired in 2015). There are gaps in existing policy and legal frameworks in relation to

violence against women, affirmative action and shortcomings related to institutional structures, particularly in the areas of coordination and accountability. Sub-optimal financing and resource allocation mechanisms and practices also exist.¹⁹⁰

There are also challenges in the implementation and use of existing laws. For example, the Ethiopian Penal Code in Article 635 (Trafficking in Women and Minors) criminalizes sex trafficking with a maximum of five years' imprisonment. Articles 596 (Enslavement) and 597 (Trafficking in Women and Children) prohibits slavery and labor trafficking with a sentence of 5- 20 years of imprisonment. However, articles 635 and 596 are rarely used to prosecute domestic or international trafficking offenses. Another major gap in the justice sector that will have to be addressed by government is the lack of transitional justice mechanisms for violations committed during the conflict.

Ethiopia's five-year Health Sector Transformation Plan (HSTP), 2016-2020 focuses on addressing equity in access to health care, quality in health services provision, and in strengthening community engagement and ownership in health decision-making and management. The plan addresses the triple burden of diseases in Ethiopia, consisting of communicable diseases, non-communicable diseases (including access to sexual and reproductive health and services) and injuries. A key feature of the plan is the transformation of the *woreda* which consists of: creating a model *kebele* (with at least 80 % of the families in the *kebele* implement all the health extension packages and free from home birth); reaching 100 % community-based health insurance and making all health facilities in the *woredas* high-performing facilities. It is the first phase of a 20-year health sector strategy known as "Envisioning Ethiopia's Path to Universal Health Coverage through Strengthening of Primary Health Care".

The Government of Ethiopia has recently endorsed the Food and Nutrition Policy, yet to be

¹⁸⁹ FDRE. The Revised Family Code, Proclamation No. 213/2000

¹⁹⁰ 2018. United Nations Country Team (UNCT), *Report to the Convention on the Elimination of All Forms of Discrimination Against Women Committee (the Committee) for Ethiopia*.

operationalized. Ethiopia signed the Sekota Agreement in July 2015, setting a goal to eliminate stunting of infants under 2 years of age by 2030 and to this end, a 1 000 days Nutrition Service Programme through a multi-sectoral approach was launched from October 2016 across the nation. The second National Nutrition Programme (NNP II 2016-2020) is the current five-year roadmap for nutrition improvement in the country. The recently endorsed Food and Nutrition Policy of Ethiopia (2019) underpins the need for strong multi-sectoral coordination and partnership among government sectors (Agriculture, WASH, Education, and Child protection), donors, and UN agencies to tackle the multi-faceted causes and end stunting. There are several other strategies and guidelines of relevance to nutrition efforts. However, insufficient resources compounded by poor accountability of sectors in nutrition have made it a challenge to effectively translate all these strategies and policies into action and reduce the rate of malnutrition to the required level.

The government's education sector plan, 2016-2020 aims to improve access to quality primary education to ensure that all children, youth and adults acquire the competencies, skills and values that enable them to participate fully in the development of Ethiopia and to sustain equitable access to quality secondary education services as the basis and bridge to the demand of the economy for middle- and higher-level human resources. The plan focuses on addressing the four main challenges in Ethiopia's education system, namely: increasing access, ensuring equity, improving quality, and improving management. The 2019 Situation Analysis of Children and Women supported by UNICEF stated that significant achievements in Ethiopia have been registered in the last decade though a lot remains to be done. For Ethiopia to reach middle-income status by 2025 and achieve the SDGs by 2030, the study recommended investments in high impact actions in areas where the burden is high, including, among others, improving access to quality education, including for pre-primary.

The Ethiopian Government had also embarked on a reform of the water and sanitation sector, with the following key components: establishment of clear, decentralized institutional responsibilities for basic service delivery across all tiers of government; development of a strong policy and planning framework, including the ambitious government-led Universal Access Program, backed by increased resource mobilization from both government and

donor sources; harmonization of fragmented donor finance and review processes under the emerging Sector-wide Approach agenda, and Annual Multi-Stakeholder Forum and Joint Technical Reviews; institutionalization of cross-sector coordination under the Water Supply, Sanitation and Hygiene (WASH) program; deployment of over 30,000 Health Extension Workers nationally, whose mandate includes significant sanitation and hygiene promotion activities; development of a Monitoring and Evaluation framework, and design of a national water supply, sanitation, and hygiene inventory process. Reforms in 2015 and beyond have been focused on four areas: rural water supply; urban water supply; rural sanitation and hygiene; and urban sanitation and hygiene.

Ethiopia has an extensive policy and legislative landscape to support SDGs implementation. The government of Ethiopia has recently undertaken legislative reforms opening spaces for civil society organizations. Some of the major legislative reforms undertaken recently include the 2009 proclamation on Civil Society Organizations (5 February 2019) which was amended with significant improvements albeit with some restrictive provisions, the Refugee Proclamation (17 January 2019), the Proclamation on Civil Servants that includes sexual harassment, etc. In addition, the recently revised Charities and Societies Proclamation is expected to foster a more-enabling environment for civil society organizations (CSOs) in Ethiopia. Other restrictive federal legislations that were repealed were the Media and Electoral laws.

The government has also made efforts to improve its institutional and policy framework aimed at accelerating the equality and rights of citizens, such as the adoption of the National Women Development and Change Strategy (2017), and the National Human Rights Action Plan (2016-2020), which are in line with the leave no one behind principle of SDGs. Despite these efforts, there are legal frameworks that lack proper provisions on advancing equality and rights. Some policies also lack proper enforcement (such as the 2011 Criminal Justice Policy). Some of the key policy actions that require attention include revising policies and legal frameworks and putting in place strong national machineries to facilitate enforcement of the policies. This will be achieved through strengthening the existing national machinery at all levels by providing it with adequate human, technical and financial resources and through ensuring effective

coordination and collaboration among various partners¹⁹¹.

There is a National Action Plan for Persons with Disabilities 2012-2021¹⁹² and the 2018-2025 National Mental Health Strategy has just been updated¹⁹³. Nevertheless, available resources can only meet a small fraction of the needs, especially the need for mental health services by all vulnerable groups – an area that generally goes unrecognized and unaddressed.

The Youth Development and Change Strategy and Package, developed in 2017, the Ethiopian Rural Development Policy and Strategy, the Right to Employment of Persons with Disabilities Law (2008) and the new Refugee Law (2019) serve as frameworks for cross-sectoral action related to specific populations within Ethiopia's borders.

The government of Ethiopia adopted a National Population Policy (NPP) on July 12, 1993. The major goals of the policy include the harmonization of the rate of population growth with the capacity of the country for development, and the rational utilization of resources, thereby creating conditions conducive to the improvement of the welfare of the population. More specifically, the NPP had the following objectives: 1) closing the gap between high population growth and low economic productivity through planned reduction of population growth and increasing economic returns; 2) expediting economic and social development processes through holistic, integrated development programs designed to expedite the structural differentiation of the economy and employment; 3) reducing the rate of rural to urban migration; 4) maintaining/improving the carrying capacity of the environment by taking appropriate environmental protection/conservation measures; and 5) raising the economic and social status of women by freeing them from the restrictions and drudgeries of traditional life and making it possible for them to participate productively in the larger community; 6) significantly improving the social and economic status of vulnerable groups (women, youth, children, and the elderly). Based on the results of the recent

assessment of the policy, it was recommended that it be revised with a view to not only lower population growth, but also to address the broader human development and economic growth issues that would create conducive conditions for smaller families.

The three dimensions of the SDGs (economic, social and environmental) are aligned with national and regional strategies, such as the Climate-Resilient Green-Economy Strategy (CRGE-Strategy).¹⁹⁴ The CRGE Strategy contains Ethiopia's vision and strategy to achieve middle-income country status by 2025 while developing a green economy. The Strategy was launched at the Conference of Parties (COP) 17 in Durban in 2011. It outlines the key targets for reducing emissions and increasing climate resilience in 8 key sectors, namely, (i) Energy Supply, (ii) Buildings and Cities, (iii) REDD+, (iv) Soil based emissions, (v) Livestock, (vi) Transport, (vii) Industry and (viii) Health. In order to develop the green economy, the Strategy focuses on four pillars:

1. Adoption of agricultural and land use efficiency measures;
2. Increased greenhouse gas sequestration in forestry, including protecting and re-establishing forests for their economic and ecosystem services, including carbon stocks;
3. Deployment of renewable and clean power generation; and
4. Use of appropriate advanced technologies in industry, transport and buildings.

The implementation plan includes four initiatives for fast tracking progress, namely (a) exploiting Ethiopia's vast hydro-power potential; (b) large-scale promotion of advanced rural cooking technologies; (c) efficiency improvements to the livestock value chain; and (d) REDD+. ¹⁹⁵ The total expected cost of implementing the Strategy is US\$ 150 billion over the next 20 years, of which the UK and Norwegian Governments have already pledged

¹⁹¹ Committee on the Elimination of Discrimination against Women: Concluding observations on the eighth periodic report of Ethiopia; March 2019

¹⁹² Retrieved from:

http://www.ilo.org/dyn/natlex/natlex4.detail%3Fp_lang%3Den%26p_isn%3D94528%26p_country%3DETH%26p_count%3D141

¹⁹³ Federal Ministry of Health: 2019. *National Mental Health Strategy 2019-2025* [Draft, not yet formally approved].

¹⁹⁴ Government of Ethiopia, *Climate Resilience Strategy*, 2015.

¹⁹⁵ REDD+ is acronym for Reducing Emissions from Deforestation and Forest Degradation, plus the sustainable management of forests, and the conservation and enhancement of forest carbon stocks. It is an essential part of the global efforts to mitigate climate change.

to contribute US\$15 and US\$60 million per year respectively.

Although there are gaps with respect to the realization of some rights by marginalized groups, a number of national policies provide a basis for leaving no one behind. Among these are the National Social Protection Policy (2014), and its corresponding National Social Protection Strategy 2016-2019 and National Social Protection Action Plan 2017-2021 (SPAP). The regional Social Protection Action Plans also acknowledge and address various forms of poverty, deprivation and social exclusion. However, a key challenge has been the extent to which the national policy was implemented. From the five pillars of the policy, only the first two received sufficient funding. As Ethiopia aims to become a middle-income country, there is a need to upgrade the social protection system to address vulnerabilities of children, women and men along the life-cycle. Investments on social protection at an early age are also important to develop human capital, as these ease barriers on access to basic social services.

The Government of Ethiopia has established a governance architecture targeted at vulnerable migrant populations. To combat trafficking in persons and smuggling of migrants, the Government enacted Proclamation No. 909. Although the Proclamation was a step in the right direction by criminalizing labour and sex trafficking, there were negligible efforts to investigate or prosecute sex trafficking or internal forced labor cases. Limited availability of specialized shelters, medical care, psychosocial counselling, legal aid, referral systems, and rehabilitation and reintegration services for victims of trafficking hamper the protection aspirations of Proclamation 909. Proclamation 909 is currently undergoing a review process intended to strengthen the application of the legislation and its alignment to international law. The Government promulgated Proclamation No. 923/2016 to facilitate overseas labour migration as a response to the widespread abuse and exploitation of Ethiopian migrant workers in the Gulf Countries. In part, the Proclamation attempts to disrupt the link between irregular migration and exploitation by facilitating safe, orderly and regular labour migration. However, this aspiration is hampered by, among others, the lack of application in countries of destination, the weak enforcement mechanisms within Ethiopia, and the sheer number of Ethiopians attempting to access limited overseas employment opportunities. In December 2018, the Government of Ethiopia joined

the international community in adopting the Global Compact for Safe, Orderly and Regular Migration (GCM). The GCM is the first intergovernmentally negotiated agreement, prepared under the auspices of the United Nations, to cover all dimensions of international migration in a holistic and comprehensive manner. To provide the GoE with coordinated and system-wide support in implementing the GCM, the UN has established the UN Network on Migration in Ethiopia. Currently, the GoE is finalizing the national plan of action for the GCM.

Other national policies, the National Employment Policy (2016) and the National Policy and Strategy on Disaster Risk Management also provide the legal frameworks to address specific dimensions of vulnerability. With regard to Disaster Risk Management (DRM), the Government has compiled disaster risk profiles for 420 woredas, including the attendant investment frameworks for each woreda. The government has continuously updated the legislative framework, with notable examples being the Right to Employment of Persons with Disabilities Law (2008) and the new Refugee Law (2019). The food security strategy (2002) was set to address the chronically food insecure moisture deficient and pastoral areas, and mainly to enhance food entitlement to the most vulnerable sections of the society. The Food and Nutrition Policy (2019) envisions “to see all Ethiopian with optimal nutritional status, quality of life, productivity and longevity”. Similarly, the multi-sectoral National Nutrition Program II (2016-2020) and the high-level Seqota Declaration (2016-2030) aim to address malnutrition in all its forms, including reducing child stunting by 2013.

In October 2019, the National Jobs Creation of Ethiopia has released the first National Action Plan on Job Creation. The NAP lays out the roadmap for ‘creating sustainable jobs for all’ with a target of 14 million jobs by 2025, and 20 million jobs by 2035. The National Plan for Job Creation is structured around six main strategic objectives:

1. Adopting job-rich macro-policies by ensuring macroeconomic stability, optimizing the job-creation potential of public investment, improving the financial sector, and upgrading the institutional and statistical framework for job-rich macro-policies;
2. Building a vibrant local private sector by revamping the current support to MSMEs,

effectively supporting high-potential and high-growth MSMEs, and improving the quality of business development services;

3. Developing human capital to meet the changing needs of the labor market by improving the level of work-readiness of the labor force, ensuring its proficiency in the 21st century skills, improving the entrepreneurial mindset, and building more effective linkages between educational institutions and industries;
4. Strengthening labor market intermediation and linkages by: (i) building modern employment centers that provide effective employment services and (ii) developing a labor market information system to reduce the asymmetry of information and improve social and spatial mobility in the labor market;
5. Improving the inclusiveness of the labor market by providing targeted services to populations excluded from the labor market as well as to vulnerable populations, such as refugees, migrants, and people with disabilities;
6. Realizing the job-creation potential of prospective high-yield sectors: providing a more balanced development policy by focusing on realizing the job-creation potential of sub-sectors in agriculture, industry, and services. This includes:
 - Improving outputs in the agriculture sector (focus on horticulture and poultry) by improving necessary inputs and services including small-to-medium-scale irrigation, improving access to financial services, and building linkages between industries (such as agro-processing) and urban markets;
 - In the industry sector, including manufacturing, focusing on building effective backward and forward linkages, encouraging an innovative and diversified local production, and building a more demand-driven labor force;
 - Developing ICT as an enabler of the services sector, and as sector in its own right, capable of leading the nation's transition to an inclusive digital economy;
 - Improving the performance of the tourism sector by increasing the accessibility and attractiveness of Ethiopia as a destination and by creating an enabling environment for the creative arts sector to unleash the Ethiopian creativity.

The National Plan also includes two cross-cutting strategic objectives:

- Transforming the governance of the job agenda through a coordinated government and well-aligned structures, in order to ensure coherence and alignment within government,
- Ensuring the availability of adequate funding and resources for the National Plan's implementation.

The Constitution contains key human rights provisions and recognizes human rights treaties ratified by Ethiopia as forming an integral part of the law of the land. The Government has made efforts to complement and support the implementation of human rights commitments through specific policies and legislation, including the National Human Rights Action Plan II (2016-2020), which is aligned with the national Growth and Transformation Plan (GTP II).

In early 2019, Ethiopia passed a new Refugee Proclamation, improving the enabling legal environment for refugee self-reliance (such as freedom of movement and the right to work under certain conditions) and inclusion into national systems, which will enable operationalization of the 2018 Global Compact on Refugees as well as the nine pledges made by the Government at the 2016 Leaders' Summit related to a shift towards a Comprehensive Refugee Response in Ethiopia. This progressive approach, articulated in the draft National Comprehensive Refugee Response Strategy (NCRRS), expected to be put before the Council of Ministers in 2019, outlines a vision to invest significantly in national systems, institutions and Ethiopian refugee-hosting communities to further human development and productive capacities of nationals as well as refugees. This envisaged move away from humanitarian support to integration of refugees and host communities more substantially into national and local development plans constitutes a major opportunity for Ethiopia to develop traditionally least developed regions of the country (Afar, Benishangul-Gumuz, Gambella, Somali), and to strengthen economic activity and social cohesion.

There are a number of legal provisions relating to conflict prevention and management, which include *inter alia*, the relevant laws contained in the Constitution through the Bill of rights and provisions relating to the rights of Nations, Nationalities, and

Peoples.¹⁹⁶ Related provisions that bear on conflict situations are to be found in the Criminal Code and sectoral policies, such as the Ethiopian Water Policy, Environment Policy, Foreign Affairs and National Security Strategy, Rural and Agricultural Development Policy and Strategy. In the absence of a coherent peace policy, implementation of these policies and conflict prevention and management rely heavily on the formal legal system and traditional mechanisms.

The Constitution of 1995 also provides guarantee for equality of women and men in all areas of life, including special measures for accelerating the achievement of gender equality. The National Policy on Ethiopian Women (1993) is the main national policy framework for gender equality and the advancement of women, while the Development and Change Strategy (2017) focuses on changing society's attitudes towards women's rights, as well as rights of women who need special protection (homeless women, women with disabilities, women living with HIV/AIDS, migrant and returnee women, women in prostitution and women heads of households) and enhancing the participation and benefit of pastoralist and semi-pastoralist women.

Other key national policy frameworks also mainstream gender equality, including for example, Growth and Transformation Plan II and sector specific plans, such as the Education Sector Development Plan (ESDP), the Health Sector Development Plan (HSDP), and the Industrial Strategic Plan.

Ethiopia also does not have a comprehensive law on violence against women and girls that explicitly recognizes VAWG as a form of gender-based discrimination and a violation of women's human rights. No specific domestic legislation has been enacted on VAWG laws, although existing laws were reviewed as an interim response. Still, current legislation does not explicitly address sexual violence, economic violence and marital rape, and other emerging violence such as acid attack and gang rape.

Considerations to guarantee gender equality between refugee men and women in all areas of life are still not part of the national policy frameworks.

Since 2015, there has been an expansion of Ethiopia's policy and legal landscape to safeguard the rights of specific groups, including women, children and persons with disabilities.

The legal framework on gender equality that emanates from the FDRE Constitution also serves as a driving force for accelerating the achievement of gender equality. The revised Criminal Code and the Revised Family Code also significantly contribute to the protection of the rights of women and girls as it introduced major changes in the Country that promote gender equality and women empowerment. This includes the minimum marriageable age at 18 at the federal level, and 7 regions with Tigray region raising the age to 21. However, the challenge exists in lack of uniformity in the application of laws as well as the legal framework where Afar and Somali Regions are yet to adopt a Family Law. The National Women's Policy of 1993 is also outdated and needs a revision to include newly emerging developments in the country. This is coupled with the lack of a comprehensive law on violence against women and girls that explicitly recognizes VAWG as a form of gender-based discrimination and a violation of women's human rights, and the absence of a comprehensive derivative law to implement constitutionally guaranteed rights such as the affirmative action. These are a major gap on the legal framework of the protection of women's rights in the country. Ethiopia has not succeeded in enacting specific domestic violence laws, but reformed existing laws as an interim response, and current legislation does not explicitly address sexual violence, economic violence and marital rape and other emerging violence, such as acid attack and gang rape.

The National Children's Policy (2017) though aligned with the basic principles of the UNCRC and ACRWC, requires an implementation strategy and accountability mechanism.¹⁹⁷ The rights of the LGBTQI to equality and non-discrimination continue to be curtailed including with criminalization of consensual same-sex acts.¹⁹⁸

There are also many significant gaps within the legislative frameworks that require attention, more particularly with regards to ensuring sustainability,

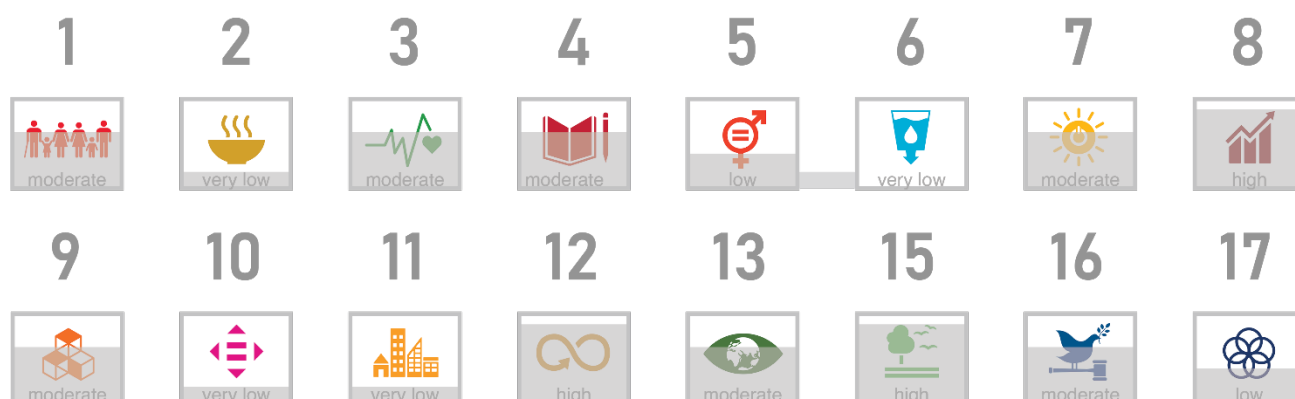
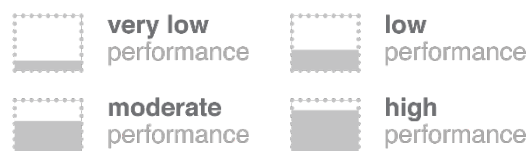
¹⁹⁶ UNDP, *Development Brief: Towards a comprehensive peace building policy and strategy for Ethiopia*, p. 8, 2012

¹⁹⁷ Such an implementation strategy would need to define the responsibilities and accountability of relevant service providers for promoting and protecting the rights of children and their families/caregivers.

¹⁹⁸ This is despite the issue being routinely a subject of recommendations and concluding observations from Human Rights Mechanisms. There has also been retrogressive development in the public sphere, with entities like religious institutions calling for constitutional ban of the status. The government has largely kept silent on the issue.

especially with regard to some strategies and plans that may have expired and not renewed. For example, the National Strategy and Action Plan on Harmful Practices (HPs) against Women and Children, expired in 2015 and was not renewed or extended although the problem is still very prevalent. Nevertheless, demonstrating its commitment to ending child marriage and FGM, in August 2019, the Ministry of Women, Children and Youth launched the *National Costed Roadmap to End Child Marriage and FGM/C (2020-2024)*. The plan requires resourcing from across sectors. Concerning violence, the *National Strategy on Violence* against Women and Girls (2011-2015) has expired. The Attorney General is currently taking the lead, through the National Coordinating Body on VAWC, to update the strategy. The current business plan elaborating the roles/responsibilities related to civil registration and vital statistics (including birth registration -as part of SDG target 16.9) expires in June 2020. The Immigration, Nationality and Vital Events Agency (INVEA), under the Ministry of Peace, is embarking on the development of a new costed national CRVS strategy to be first informed by a comprehensive assessment.

ANNEX II: SDG Status in Ethiopia



VERY LOW



GOAL 2. Zero Hunger

Significant efforts have been made to reduce hunger (2.1) and malnutrition (2.2) although baseline performance remains weak, with a near-zero reduction in rates of malnutrition in the past years. Agricultural productivity (2.3) is low, partially due to climate-induced droughts during 2015-17. The GoE expenditure on agriculture was 15% in 2015, though it decreased to 9% in 2017. More than 8 million people rely on food assistance, due to recurrent drought, conflict, and depletion of natural resources and assets.



GOAL 6. Clean Water and Sanitation

Ethiopia performs relatively well on the target relating to water use efficiency (6.4), but baseline performance on access to clean water (6.1) and sanitation (6.2) is weak. About two thirds of the population have access to clean water. Almost a third of the population makes use of unprotected water sources for their daily needs, with 8.6% relying on surface water and the remaining making use of hand-dug wells and natural springs. Only 21% of the population has access to adequate sanitation, while nearly a quarter of the population is without any toilet at all, and practices open defecation.¹⁹⁹



GOAL 10. Reduced Inequalities

Data on the extent of inequality in Ethiopia does not address the bulk of indicators included in SDG 10. The Gini coefficient, however, is still relatively low at 0.33.



GOAL 11. Sustainable Cities and Communities

Access to adequate, safe and affordable housing (11.1) in urban areas is an area of weakness. 70% of the country's urban residents live in slums.²⁰⁰ Only 30% of the current housing stock in the country is in a fair condition, with the remaining 70% needs total replacement.

LOW



GOAL 5. Gender Equality

Ethiopia performs well relative to comparator countries on targets relating to women's representation in economic and political positions (5.5). Areas for focus include the prevalence of violence against women (SDG 5.2), childhood marriage (5.2), reducing harmful practices against women and girls (5.3), sexual and reproductive health care (5.6), and female participation in economic decision-making (5.6). The share of seats held by women in national parliament has risen from 8% in 2005 to 39% in 2015. Ethiopia ranks 117 out of 129 countries on the SDG gender index.



GOAL 17. Partnerships for the Goals

Relative to comparator lower middle-income countries, Ethiopia performs moderately on remittances (17.3), and poorly on targets relating to internet use (SDG 17.8) and debt servicing costs (SDG 17.4). Tax revenue as a proportion of GDP fell from 12.7% in 2014/15 to 10.7% in 2017/18.²⁰¹ Over this time, the budget deficit as a proportion of GDP increased from 1.9% to 3%. The volume of incoming remittances to Ethiopia is expected to fall while relative debt servicing costs rise.

¹⁹⁹ <https://lifewater.org/blog/8-ethiopia-facts-poverty-progress-and-what-you-should-know/>

²⁰⁰ PDC, 2018, *Ethiopia: Sustainable Development Goals Baseline Assessment Report*.

²⁰¹ Data provided by the PDC, December 2018.



GOAL 1. No Poverty

Ethiopia is performing moderately with regard to extreme poverty (1.1) with a decline in the poverty rate by about 93 % from 45.5 % in 2000 to 23.5 % in 2016.²⁰² Between 2010/11 and 2015/16 about 15.3 million people were lifted out of poverty²⁰³ although over 22 million people are still living below the national poverty line. the monetary poverty rate has declined from 45.5% in 1995/96 to 23.5% 2015/16, underscored by sustained economic growth rated.²⁰⁴ However, 83.5% of the population experience multidimensional poverty, i.e. are deprived of one or more of the basic necessities of a decent life (adequate nutrition, water, health, education, shelter, etc.).²⁰⁵ Multidimensional poverty is higher among children in Ethiopia where 9 out of 10 children experience poverty in many forms, not just monetary poverty.^{206,207} Moderate progress has also been made in disaster risk reduction (1.5) and social protection (1.3). The government increased social security coverage to embrace the elderly, disabled, and other vulnerable groups, and a 5-year safety-net programme offers social protection to elderly, disabled, homeless, sex workers, beggars, children and families, and others. There is evidence of rising income inequality, forced evictions and lack of adequate compensation.



GOAL 3. Good Health and Well-being

Ethiopia performs well relative to comparator countries on indicators relating to universal access to primary health care (3.8), mortality from non-communicable diseases (3.4), and prevalence of epidemics (3.3). Targets that are likely to require more focus include: treatment of substance abuse (3.5), environmental health risks (3.9). Despite strong recent improvements, baseline performance on maternal (3.1) and child (3.2) mortality remains relatively weak, with under 5 mortality rates at 55/1000 live births, mostly caused by preventable diseases. In 2018, only 55 % of all health facilities excluding health posts were ready to provide general health services, the other 45% lacking either equipment, staff, and/or essential medications. Approximately 70% of women report having at least one problem in accessing health care such as getting money for advice or treatment (55%), distance to health facility (50%), and getting permission to go for treatment (32%). A 2016 survey indicates that Ethiopia is at 40% of the UN recommended standards for the availability of Emergency Obstetric Care facilities per 500,000 population. Access to skilled birth attendance is low, which is reflected in a lack of progress in reducing the maternal mortality ratio. Less than 5% of the population is covered by any form of health insurance.



GOAL 4. Quality Education

Teacher training levels are a strength for Ethiopia (SDG 4.c), although participation in pre-primary, primary and secondary education (4.1, 4.2) and gender parity (4.5) remains an area for focus.²⁰⁸ In 2015 2.3 million children were out of school, of which 60.5% were girls.



GOAL 7. Affordable and Clean Energy

Ethiopia performs well on renewable energy generation as a share of its electricity mix (7.2), but baseline performance on energy access (7.1) and efficient energy use (7.3) is weak. Nationwide access to electricity was 56% in 2015/16 with clear urban/rural differences: 90% of the urban population and 12% of the rural population has access.



GOAL 9. Industry, Innovation and Infrastructure

Ethiopia performs relatively well on targets related to innovation activities (9.5) and the technological capabilities of industry (9.b), but areas for focus include logistics (9.1), industrialization (9.2) and the sustainability of industry (9.4). Access to all-weather roads continues to increase although access to roads in rural areas is still low - 37% of the population lived over 5 km from an all-season road and 74% of rural communities lacked access to roads in 2015. Coverage of mobile phone, internet and landline phone services continues to see a relatively rapid increase, with nearly half of the population reporting access. The share of industry, particularly that of the manufacturing industry, are low at, respectively, 16.7% and 5.4% of GDP in 2015/16.



GOAL 16. Peace, Justice and Strong Institutions

Ethiopia established an independent Human Rights Commission in 2000, achieving SDG target 16.a, and deaths related to reducing violence (16.1) have fallen over time. Focus is required to reduce corruption and bribery (16.5) and ensure a legal identity for all (16.9) as progress here is low. Gaps exist with regard to the effective prevention and protection of children from all forms of violence and trafficking and in the promotion of the rule of law and justice for all, including for the most vulnerable individuals and groups. Ethiopia's civil registration and vital statistics system was established in 2016; 3% of children under 5 have their births registered with civil authorities (amongst the lowest globally).

²⁰² UNDP, 2018, *Ethiopia's progress Towards Eradicating Poverty: Paper* for the Inter-agency group Meeting on (implementation of the

^{3rd} United Nations Decade for Eradicating Poverty (2018 – 2027), p 2

²⁰³ *Interim Poverty Report*, 2017

²⁰⁴ PDC, 2017, *Ethiopia's Progress Towards Eradicating Poverty: An Interim Report on 2015/16, Poverty Analysis Study*.

²⁰⁵ UNDP and Oxford Poverty and Human Development Initiative, 2019, *Global Multidimensional Poverty Index 2019: Illuminating Inequalities*.

²⁰⁶ Ibid.

²⁰⁷ CSA and UNICEF Ethiopia, 2018, *Multidimensional Child Deprivation in Ethiopia*.

²⁰⁸ <http://uis.unesco.org/en/country/et>

MODERATE



GOAL 13. Climate Action

With respect to climate change, Ethiopia has already demonstrated progress in fulfilment of targets on integrating climate change into national policy and developing capacity for climate resilience (SDG 13.2 and 13.b respectively), but progress towards improving education and awareness (SDG 13.3) is required. Ethiopia is a recipient of climate finance and in 2015 nearly 900 million USD was committed by donors.

HIGH



GOAL 8. Decent Work and Economic Growth

Ethiopia has performed exceptionally well in recent years on targets relating to per capita economic growth (8.1) and employment opportunities for youth (8.6) and is performing well on improving economic productivity (8.2), unemployment (8.5) and child labour (8.7), although access to finance is an area of weakness (8.10). Urban unemployment is still high, although declined from 18.9% in 2011 to 16.8% in 2016 and 25.3% in 2018.²⁰⁹ Despite enhanced focus under GTP II, the manufacturing sector was unable to provide the amount of decent jobs envisioned in the plan. Instead it has been marked by a large gender wage gap and human rights abuses in particular against women and children.



GOAL 12. Responsible Consumption and Production

In terms of the impacts of production and consumption, Ethiopia performs well against targets on the volume of waste produced per capita and its efforts to end fossil fuel subsidies (12.2 and 12.c), and reasonably well on hazardous waste treatment (12.4). Focus is required on the sustainability of tourism programmes (12.b).



GOAL 15. Life on Land

Ethiopia performs relatively well on targets around the protection of vulnerable environments, including land, forests and freshwater ecosystems and policies to share the benefits from these habitats (15.1, 15.2 and 15.6). Relative to lower middle-income countries, it performs moderately on targets relating to policy frameworks to protect biodiversity (15.9) and habitat loss (SDG 15.5).

N/A



GOAL 14. Life below Water

SDG 14, which relates to the marine environment, is not discussed directly as Ethiopia is landlocked, though the quality of surface and groundwater is covered in SDG 6 and the health of freshwater environments in SDG 15.

²⁰⁹ PDC, 2018, *Ethiopia: Sustainable Development Goals Baseline Assessment Report*.