

# Multi-Annual Country Strategy 2019 t/m 2022 Ethiopia

*public version*

Ethiopia is a relatively stable country in the centre of the volatile Horn of Africa. It has a rapidly growing population of currently more than 100 million people, most of whom below 25 years of age. The economy has been achieving double-digit growth over most of the past decade. Despite the waves of internal political unrest and natural disasters that hit Ethiopia in recent years, it is still the region's economic and political/military powerhouse. At the same time, around 8 million people are in need of humanitarian assistance and around 2,9 million people are internally displaced. As such, Ethiopia is crucial for stability in the Horn of Africa, whether seen through an economic, political or security lens. Besides, it is the host of the African Union headquarters and the IGAD Peace and Security offices. The new leadership under Prime Minister Abiy Ahmed Ali (since April 2018) represents a window of opportunity for reforms to improve stability, security and prosperity and bring about greater economic and political freedom. Given the importance of security, development and legitimate stability in the Horn of Africa, and growing social and economic ties between the two countries, the Netherlands has a clear interest in further strengthening its relationship with Ethiopia.

In the coalition agreement of the current Dutch government, the Horn of Africa region was singled out as one of three focus regions; Ethiopia is part of this region. The multiannual country strategy 2019-2022 for Ethiopia (MACS) follows the policy notes on Foreign Trade and Development Cooperation (*BHOS-notitie*), the Integrated Foreign and Security Strategy (*GBVS-notitie*) and the Comprehensive Agenda on Migration.

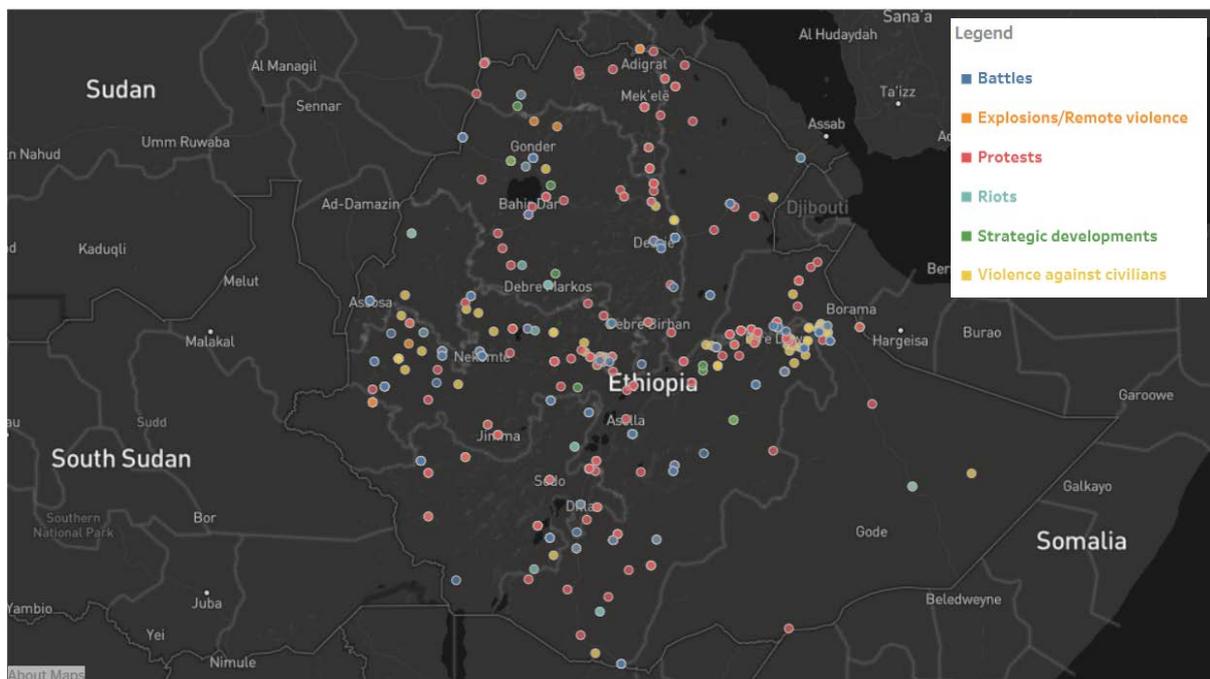
# I Analysis

## A. RELEVANT DEVELOPMENTS IN ETHIOPIA

### Political overview

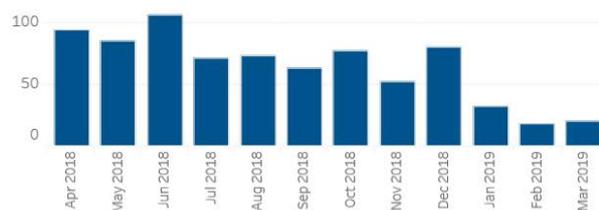
Since the end of 2015, the **political landscape in Ethiopia has changed considerably**. There was an outbreak of large-scale protests in the country, especially in Oromia and Amhara regional states. Initially sparked by the planned expansion of the capital Addis Ababa, the focus of the protests rapidly shifted to include wider political issues, such as the perceived marginalization of specific ethnic groups and demands for more regional autonomy. Long simmering tensions erupted in often-violent protests, leading to displacements of people and to increased humanitarian needs. These protests were largely spontaneous and grassroots-based. Figure 1 shows security and stability related events between April 2018 and March 2019. The open source ACLED database recorded almost 1500 fatalities throughout the country for this time period. These resulted from 255 registered protests, 58 riots, 134 battles, 227 attacks on civilians and 7 incidents involving explosions / remote violence. During the past year, there has been a downward trend in the number of events and fatalities.

Figure 1 Security and Stability Related Events. Source: NL MFA Security Monitor, based on ACLED data.

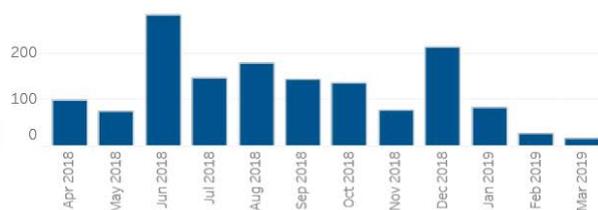


Selected events/locations can be viewed in detail on tab 'Overview list'

Total: 771 Events



Total: 1,469 Fatalities



Besides political issues, land and water conflicts are also triggers for conflict. One of the ways in which this was demonstrated was through attacks on foreign investments and enterprises, mainly in the agriculture /horticulture business, where issues around land and water have amounted to context-specific grievances. Amongst these investments were numerous enterprises with Dutch owners.

Prime Minister Abiy Ahmed's appointment in April 2018 was well received by most parts of Ethiopian society. He is the first Oromo politician to ascend to this position. Right from the start, his statements and announcements have led Ethiopian citizens to expect positive change is forthcoming and that the country's politics will become more inclusive.

Abiy's first months in office have seen a flurry of activity. In close partnership with leaders of Ethiopia's regions, many political and economic reforms have been announced; quite a few have been implemented. The government has indicated it wants to amend the anti-terror proclamation as well as the restrictive CSO legislation. In combination with the release of political prisoners, as well as the increased freedom of expression, this bodes well for the human rights situation in Ethiopia as compared to the situation just a few years ago. Perhaps most stunningly, Ethiopia and Eritrea have dramatically improved their bilateral relations after almost 20 years of mutual antagonism.

Challenges remain, however. Despite popular support the current government seems to enjoy, the propensity for conflict in several parts of Ethiopia persists. **Interregional, as well as interethnic, tensions are still high** and regularly turn violent. Animosity between the Oromia and Somali regional states continues to simmer and there is no easy solution in sight for the hundreds of thousands of IDPs that were driven from their communities when this conflict broke out in 2017. Other interregional tensions have also emerged. The new *de facto* division of the country's power, with a much larger role for regional and lower levels of government, does **not necessarily lead to better governance** (yet). At the same time, around 8 million people are in need of humanitarian assistance and around 2,9 million people are internally displaced, making Ethiopia the country with the highest number of IDPs in the world.

### ***Ethiopia's dilemmas***

Against the background of the recent protests and political developments, Ethiopia is confronted with a number of dilemmas. The way these will be tackled will largely determine the political settlement in this country for years to come.

First of all, there is the **political dilemma**. On the one hand, justice will have to be done to the aspirations of the different population groups. There is definitely a sense among certain ethnic groups of being or feeling politically marginalized. On the other hand, this process and the federalization it entails should not undermine the very existence of Ethiopia and its successful development model.

Ethiopia also faces an **economic dilemma**. Specific economic initiatives are undertaken in response to the perception in certain regions of lagging behind. Then again, the EPRDF's developmental state model/ideology is a national project, which requires strong coordination by the centre, insofar as the current administration continues to want to pursue this model.

The most important dilemma, however, concerns **ethnicity itself**. Ethnicity has become increasingly relevant in Ethiopian politics. Ethnic awareness can be an asset as well as a liability. Ethnicity might support people in their daily lives and every day decisions. It can provide strength and cohesion. However, in a multi-ethnic context political elites are not seldom prepared to use ethnicity, directly or indirectly, to protect their political and economic power and exclude others. During the recent popular protests some serious incidents of this nature occurred.

These dilemmas require careful management. Continuous negotiations and compromises at all political levels in the country will influence how these dilemmas are managed. This process will profoundly influence the stability of Ethiopia and the wider region.

**Civil society organisations** have previously been working in a very restrictive legal environment, especially those working on human rights or on lobby and advocacy for specific groups or issues. The recent approval in parliament of new CSO legislation is expected to make it much easier for all civil society organisations to operate in Ethiopia and, importantly, oversight of CSO-activity will be transferred to the Attorney General's office. Other pieces of legislation that have a great impact on these organisations are amongst other the media law and the anti-terrorism proclamation (ATP) are also being reviewed by the government.

### ***Economic overview***

Over the last decade, the economy has demonstrated **robust growth** at average rates of 10%. The country's strategy with its emphasis on economic transformation, agricultural growth, foreign investments and public infrastructure has delivered impressive results in spite of recent challenges such as severe droughts, political unrest, influx of refugees and a substantial increase of internally displaced persons (IDPs) to almost three million people. While Ethiopia's Gini co-efficient is among Africa's best and the country is deemed to have a pro-poor budget, still not everyone is proportionately benefiting from the fruits of economic growth.

However, **growth is slowing down**. Foreign currency reserves are low because of lacklustre, lower than targeted export performance and the public infrastructure agenda (such as the construction of the Grand Ethiopian Renaissance Dam). This causes direct liquidity problems for domestic and foreign investors and contributes to elevating public debt levels. Furthermore, due to **increasing levels of external debt**, the IMF continues to assess Ethiopia to be at high risk of debt distress. This increases the vulnerability of the Ethiopian economy, reinforces the importance of government reforms and makes it hard for the Ethiopian government to borrow on the international market.

In spite of the progress made, Ethiopia will remain a **poor country** and a predominantly rural society in the near future. In 2015, more than a quarter of the population lived under the international poverty line (World Bank). Against this background, Ethiopia's goal to reach lower middle-income status by 2025 is highly ambitious. The population is young and will double in the next 30 years. As much as 44% of the population is under the age of 15. Large scale **youth unemployment** in the country has been a source of instability and, if left unaddressed, will continue to be so.

### ***Trade and Investment***

Recent political unrest was not conducive for Ethiopia's investment climate. During the 2015 – 2017 period, foreign investments were sometimes targeted by protesters. This led to attacks on international and national investments, including six Dutch companies at eight locations.

Moreover, Ethiopia's **economic policies need adjusting**. The second phase of the Growth and Transformation Plan 2016- 2020 envisages a stronger role for the private sector in supporting the government's industrialisation agenda. Given the very low level of private investments, further reforms may be necessary to attract domestic capital. The government has announced that it would **open up many state-owned enterprises for private investors**.

The agricultural sector is still the backbone of the economy as well as the livelihood of about 70% of the population. In order to boost agricultural transformation, not only continued government support to smallholders is necessary, but also more private investment, liberalisation of inputs and land reform are required. As the main providers of non-agricultural employment, small and medium enterprises should be facilitated. In general, the development of the private sector is hampered by **overregulation and red**

**tape.** In order to improve the business climate, these issues require urgent attention. Additionally, access to finance, economic infrastructure and utilities needs to be strengthened, as well as skills development (vocational training).

### ***Food security, water and climate***

Increase in the production in **smallholder agriculture**, the mainstay of the rural population, has been substantial over the last decade and has contributed considerably to economic growth in the country as well as the reduction of poverty in rural areas. However, it is still far below its potential and has not yet led to the emergence of a vibrant agro-based industrial sector. 'Agricultural transformation' through commercialisation of smallholder agriculture and private sector investments is seen by the Government of Ethiopia as an important ingredient of continued economic growth and poverty reduction for the country. While nutrition levels have improved significantly in the country, their improvement is lagging behind economic growth. Ethiopia is still among the countries in the world with the highest rates of stunted children under the age of five.

Despite economic growth, poverty and **food insecurity** continue to be major challenges in the country. Poor, food insecure households can be found mostly - but not exclusively - in densely populated and often degraded farming areas in the highlands and the dry pastoralist lowlands. Most of these areas are vulnerable to recurrent droughts, which are exacerbated by climate change. In such areas, the scope for agricultural intensification is limited. In these areas, relatively few (agricultural) development activities are taking place and a large segment of the population depends on the government's Productive Social Safety Net Programme (PSNP) and/or humanitarian assistance in the event of drought. Also in urban areas, there is much poverty due to unemployment and low wages. Urbanisation is still relatively low (20%) but is rapidly increasing.

Both economic development and population growth have led to increased **pressure on natural resources and the environment**, which has caused an increase in conflicts and instability, particularly in areas where there are large commercial investments and limited land and water resources. Although substantial progress has been made in reaching the drinking water, sanitation and hygiene (WASH) MDGs, there is still a major gap, particularly in providing access to marginalized communities in rural areas and the poor in urban centres. The capital Addis Ababa suffers from lack of reliable access to adequate WASH services as well.

Increased demand for **water** for agriculture and domestic use, progressive contamination of water sources, unregulated groundwater exploitation, degraded catchments and the disappearance of wetlands are all disrupting the natural water cycle and leading to water scarcity, environmental degradation and also conflict over the use of natural resources. In both rain-fed and irrigated agriculture, the largest consumers of water in the country, highly inefficient water use techniques are employed. This is exacerbated by inadequately developed river basin management plans, including the lack of equitable water allocation plans, licencing, feeing and other regulatory systems. The lack of reliable data on quantity and quality of surface and ground water adds to the complexity of the problem.

The enabling environment for efficient water use is weak. Although several river basin authorities have been established, their capacities are still limited and their mandate for **water governance** is not always uniformly accepted in the basins themselves. In the absence of clear-cut boundaries between regional water bureaus, water authorities and irrigation agencies, this leaves issues of water governance unresolved. The WASH sector equally suffers from the lack of independent regulatory bodies for monitoring service quality.

While Ethiopia itself is not a significant contributor to the emission of greenhouse gases, it ranks high in vulnerability to **climate change**. It is prone to recurrent droughts and erratic rainfall patterns, which will only worsen with increasing climate change. The population in the lowlands are at risk of losing their

pastoral livelihoods due to increased temperatures, prolonged droughts and increased population pressure that leaves little space for alternative grazing. The highlands may suffer from more intense and irregular rainfall, leading to erosion, which, along with rising temperatures, may result in reduced agricultural production. Climate change related hotspots of increased food insecurity in the future are likely to include large parts of Ethiopia, both highlands and lowlands.

### ***Social progress***

The Ministry of Health continues to invest **seriously into community-based primary health care** and with remarkable success, achieving several MDG targets in 2015. These investments have largely been financed externally; the government has not contributed more than 8-9 % of the overall budget for health. The new Health Care Financing Strategy 2017-25 does seek to make the health care system financially more sustainable.

The **needs in the country remain high**, since Ethiopia comes from far and certain challenges, such as chronic malnutrition, access to safe water and good sanitation remain daunting. Humanitarian crises, national and within the Horn, caused by conflict, natural disasters and recurrent epidemics provide additional challenges. Providing equitable access to quality health services is a daunting challenge for the National Health Service. It is particularly problematic to ensure consistent availability of essential medicines and other medical supplies. Although some inroads are being made, gender inequality persists in health care delivery. Protection of rights, including access to sexual and reproductive health services, for sexual minorities from the **LGBTI community remains very difficult** to address, due to stigmatization and condemnation of these groups.

Ethiopia intends to build on existing health reforms, including the scaling-up of different health insurance and pre-payment schemes. This in order to achieve universal health coverage by 2035. Yet, current health financing projections, including expected reductions of donor contributions, need to be reflected upon more thoroughly.

### ***Women's rights***

Ethiopia has put in place frameworks to safeguard women's rights to increase the participation of women. Despite all efforts and recent progress, **gender inequality and equal participation of women** in political, economic and social spheres remain a **huge challenge**, thus hindering overall growth and development. Women and girls still face social constraints that limit their rights. Discriminatory and harmful traditional practices such as child marriage and female genital mutilation are among the challenges that women and girls experience. Moreover, gender based violence (including interpersonal violence, domestic violence and rape) are among the most underreported and insufficiently addressed forms of violence.

**Women's participation** and role in the economy, in particular in agriculture, is **vital for Ethiopia's growth** and transformation agenda. Much of the female un(der)employment has to do with limited opportunities, capacities and skills, as well as domestic workloads, and traditional cultural perceptions. The participation and representation of women in decision-making bodies and government has shown an increase over the last few years. In spite of this this increase, women continue to have limited access to training and education in leadership development and face stereotypical attitudes.

### ***Situation of refugees, IDPs, and migrants***

Ethiopia is the **second biggest refugee hosting** country in sub-Saharan Africa with close to a million refugees, mostly from South Sudan, Somalia and Eritrea. Recently adopted legislation provide an opportunity for more adequate refugee policies in conformity with international standards. As of January 2019, Ethiopia is in the process of developing a 10-year strategy to transition from an encampment policy towards local integration of refugees. Ethiopia volunteered to be a pilot country for the Comprehensive

Refugee Response Framework (CRRF) under the Global Refugee Compact, a framework providing key elements for a comprehensive response to any large movement of refugees. Also, the recently adopted revision of the refugee law, grants refugees more rights allowing them to obtain work permits, access primary education and financial services.

A worrying trend in Ethiopia is the **rising number of IDPs**, amounting to approximately 2,9 million, making Ethiopia the country with the largest IDP population in the world. The figure of 2,9 million IDPs stems from IOM's Displacement Tracking Matrix of December 2018 and is used throughout this text. However, displacements and returns are contiguous and data are difficult to verify. Therefore, numbers are unreliable and have - depending on the source - fluctuated between 2-4 million. While displacement due to drought and other climatic events have been common in Ethiopia for many years, conflict is now the largest driver of internal displacement, having more than tripled the IDP population since September 2017. The situation of IDPs in host communities, informal settlements or in planned/spontaneous camps is dire.

Ethiopia is not only a hosting country, but serves as an **important migration transit country** to Europe and the Netherlands as well. In 2017, more than 4000 Eritreans requested asylum in the Netherlands, constituting the second largest group of asylum seekers (after Syrians), many of whom had transited through Ethiopia. UNHCR data shows that in all Shire camps, Eritrean refugees often leave the camps within the first three months of arrival (40%) and 80% leave in the first year of arrival. This has led to various protection issues and violations of rights along migrants' journeys. The recent peace process between Ethiopia and Eritrea have led to an immediate increase in the number of Eritrean refugees and requests for family reunification in Ethiopia, possibly leading to increased onward migration to Europe in the mid/long term. While much smaller in number, Ethiopians themselves also engage in irregular onward migration to Europe. Modest progress has been made over the last year regarding the return of Ethiopians from Europe and the Netherlands, who unsuccessfully requested asylum.

## **B. THE INTERNATIONAL PLAYING FIELD**

### ***Stakeholder analysis***

Due to the large size of its population, its still-high levels of poverty and relatively well-perceived development policies, Ethiopia is among the top countries in terms of development aid received (in total amounts). Major Western donors (e.g. US, UK, GER), international organisations (EU, UN-system) and large philanthropic and civil society organisations (e.g. Save the Children, Bill and Melinda Gates Foundation) all have large to very large development programmes in Ethiopia.

Given Ethiopia's ownership of its own development and its strong state-led administration, a large part of development cooperation activities is channeled through government institutions and the rest is at least closely coordinated with the government.

Among Western partners, the Netherlands aims to distinguish itself as an actor that tries to identify and implement integrated and innovative approaches to development challenges. The Netherlands has invested in establishing a working relationship with the regional authorities. Finally yet importantly, the relatively large number of Dutch investments and the focus on aid & trade issues have given the Netherlands a comparatively strong reputation as a trade and investment partner.

Our bilateral support is closely coordinated with other donors and international organizations. Apart from the institutional framework from UN and EU we operate in several donor coordination groups and we will continue to do so. In Ethiopia, the EU member states have agreed upon joint programming in the areas of Job Creation, Natural Resource Management and Governance.

Ethiopia also looks elsewhere for external support to its economic development agenda. It has very well developed trade and investment ties with China, India, and Turkey among other non-Western development partners. Like in many other African countries, these countries provide large concessional loans for infrastructural projects that are often being constructed by state corporations from these countries as well. Apart from concessional loans, these countries also have large investments in Ethiopia. Ethiopia also has ties with the Gulf countries.

### C. THE NETHERLANDS IN ETHIOPIA

#### **Relevant policy priorities of the Netherlands**

The following elements of the policy frameworks of the Rutte-III Cabinet are of relevance for Ethiopia:

##### *Investing in Global Prospects*

This is the policy document on foreign trade and development cooperation, published in May 2018. The policy framework sets four overarching goals:

- Preventing conflict and instability;
- Reducing poverty and social inequality;
- Promoting sustainable and inclusive growth and climate action worldwide;
- Enhancing the Netherlands' international earning capacity.

This includes improving the protection and prospects of refugees and displaced persons in host countries in the regions of origin. A crosscutting goal of BHOS policy is to advance gender equality and improve the position of women and girls. The 17 Sustainable Development Goals (SDGs) for 2030, as agreed by the United Nations, are the international guiding principles for BHOS policy. Together they constitute the ultimate prevention agenda, in the sense that working towards them helps prevent conflict and instability, which is a key goal of the new policy.

Moreover, Dutch development cooperation will focus more on regions within the vicinity of Europe. The Horn of Africa (along with the West African Sahel, North Africa and the Middle East) will become the focus region for development cooperation. Existing efforts in the fields of water, agriculture, sexual and reproductive health and rights (SRHR), climate change, the rule of law and governance, and private sector development will increasingly target the focus regions; spending in these regions will thus increase by at least one third. Cooperation with the EU will be sought proactively.

Acknowledging the rapidly expanding youth cohort in these countries that needs the prospect of a future that includes employment, education and equal opportunities, The Netherlands will invest annually in new programs supporting general and vocational education, employment and income equality for young people and women in the focus regions. The Netherlands will also set aside an funding for humanitarian assistance, including for the humane reception and protection of refugees in the region of origin, while also intensifying its efforts in the field of humanitarian diplomacy.

##### *Integrated International Security Strategy 2018-2022*

The security approach of this strategy rests on three pillars: preventing, defending and strengthening. To withstand threats to our security in the years ahead, specific goals have been formulated within the three pillars. The following goals are of particular relevance for Ethiopia:

- Conflict prevention. The Netherlands intends to actively press for result-oriented international cooperation on conflict. We take the lead in these areas in international bodies like the EU, the UN and NATO. To promote conflict prevention around the borders of the EU and the Kingdom,

the Netherlands is investing in its information and intelligence capability, and the knowledge and capacity to identify (early warning) and prevent (early action) threats of conflict and crisis. The government is working towards an integrated conflict prevention agenda that combines security, migration, foreign trade and development cooperation priorities. This agenda ties in with the Netherlands' efforts to tackle the structural root causes of potential conflicts long before violence breaks out, and to quickly help reduce the threat of imminent crises. This agenda is relevant for the Ethiopian context where both opportunities for enhancing and risks to peace are reality of the day.

- Promoting the international legal order: helping other countries make the rule of law more resilient to violence, corruption and activities aimed at undermining them is important to restore and advance the international legal order.
- Robust and balanced integrated border management and control, with a view to promote security and to make migration more manageable.

### *Integrated Migration Agenda*

Migration is a dynamic, multifaceted and complex issue. This awareness has prompted the government to opt for a whole-of-government, integrated approach. The integrated migration agenda encompasses six pillars: 1. Preventing irregular migration; 2. Improving reception and protection for refugees and displaced persons in the region; 3. Achieving a robust asylum system, based on solidarity, in the EU and the Netherlands; 4. Combating illegal residence and stepping up returns; 5. Promoting legal migration routes; 6. Encouraging integration and participation. Pillars 1, 2, 4 and 5 are of relevance to the relations between The Netherlands and Ethiopia:

- Preventing irregular migration by:
  - o tackling the root causes of poverty and instability through development assistance, civil-military efforts and trade and investment.
  - o regulating migration flows by joint efforts to combat people smuggling and human trafficking and other forms of transnational crime, strengthening controls along the borders of countries of origin and transit, campaigns to raise awareness about the migration process and its hazards, and promoting return to those countries.
  - o setting up asylum procedures in the region, and improving the management of the migration process.
- Improving protection for refugees and displaced persons in the region by:
  - o supporting both refugees and host communities. Dutch support focuses specifically on expanding access to education and employment for refugees and host communities in Jordan, Lebanon, Iraq, and the Horn of Africa.
  - o pressing for migration agreements to be concluded at EU level with safe third countries, for the reception and readmission of asylum seekers.
- Establishing effective cooperation in the field of return migration, preferably through a common EU approach.
- Promoting better knowledge of existing legal migration routes, such as existing opportunities for labour migration, internships for foreign students, student grants, and circular labour migration.

### **Added value**

Taking into consideration the (many) relevant policy priorities of the Netherlands for Ethiopia (see also chapter II), one could argue that **stability** and **inclusive socio-economic development** are the overarching objectives of the Ethiopian-Dutch partnership.

Given the current political, economic and social context (see above), the support of the Netherlands to a carefully managed reform process (i.e. intensified cooperation with regional states), sustained focus on

small-holder agriculture (crucial at the present development phase of Ethiopia) and an intensified aid & trade agenda (Dutch horticultural sector as major exporter from Ethiopia) are more relevant than ever.

The Ethiopian-Dutch partnership is strong, primarily because of the Dutch aid & trade agenda, the presence of a substantial number of Dutch companies in Ethiopia, their foreign exchange earnings and the Netherlands expertise (and investments) in agriculture, agro-technology and water.

## **II The Impact, Objectives/Results and Strategy of the Netherlands in Ethiopia**

### **THE NETHERLANDS AND ETHIOPIA**

Given the policy priorities, accumulated experience, and added value of the Netherlands and the Ethiopian context, the following priority areas for interventions are relevant:

- International rule of law and human rights
- Peace, security and legitimate stability
- Sustainable trade and investment
- Sustainable development, food security, water and climate
- Social Progress
- Migration and Refugees
- Women's rights and gender equality

For each of these areas **long-term objectives** have been formulated to which interventions eventually have to contribute, as well as a number of **medium-term objectives**, which ideally will be realized within the time frame of this country strategy. The medium-term objectives provide guidance for the results to be achieved by Dutch (co-)funded programs and interventions under the period covered by this multi-annual country strategy, irrespective of whether they are funded centrally or through delegated funds.

The Netherlands is committed to the integrated approach and to creating as many synergies as possible between the different priority themes, e.g. rule of law, political governance, peace, security and stability; aid & trade, food security and commercial agricultural investments; food security, water and environment, also with the interventions of other (international) actors; and the integration of gender in these policy priorities. Despite the limitations of the format of this document, this integrated way of working will be reflected in this strategy as much as possible.

For the effectiveness of this strategy, it is also crucial to ensure that the alignment between centrally funded activities and those supported by delegated funds is further strengthened and that complementarity and/or alignment will be sought – where relevant – with multilateral/regional strategies. For example, strategic partnerships may be used to incentivize more strategic collaboration between multilateral, regional and bilateral actors - for example joint approaches on (conflict) prevention.

All activities will align as closely as possible with Ethiopian development agendas and priorities. This principle needs to be part and parcel in the design and implementation phases as well as the dissemination strategy of new bilateral projects. In light of the developments since 2015, which have also affected Dutch (private investment) projects, the Netherlands has already greatly increased its focus on conflict-sensitivity in its aid & trade agenda, as further elaborated in this document. For the period covered by this MACS, conflict-sensitivity will explicitly be taken into account for every new intervention under consideration for support by the Netherlands. The Netherlands will continue to share experiences

with like-minded countries, to enlarge the knowledge base as much as possible and strengthen effectiveness.

## THEMES

### **1. *International rule of law and human rights***

#### **A. OUTCOMES AND RESULTS**

##### **Long-term objective:**

- Ethiopia has remained a relatively stable country with improved (national, regional, local) governance, and one that safeguards human rights and respects the rule of law.

##### **Medium-term objectives**

- Respect for Human Rights has improved, especially concerning political rights.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDG 16 (Peace, Justice and Strong Institutions)
- BHOS: Prevention of conflict and instability
- GBVS: objective 11 (strengthening of international rule of law)

#### **B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS**

The Netherlands will continue to support efforts aimed at **human rights protection** and **justice service delivery**. Cooperation with the **Attorney General** and the **Supreme Court** will be continued at the specific request of these institutions. Under the Partnership for Dialogue and Dissent, the Netherlands will continue to support **capacity building of the federal parliament** and **political parties**. These various elements of engagement will be combined with a political dialogue – at various levels and both bilaterally as multilaterally – to underline the importance of reforms, respect for human rights, increased political openness and inclusivity and address any other issue of concern.

The Netherlands will continue to engage with human rights defenders (journalists, social media activists, etc.) and provide support where relevant. Existing relationships with human rights organisations – governmental and non-governmental – will be leveraged to identify opportunities to improve the human rights situation in Ethiopia.

### **2. *Peace, Security and Stability***

#### **A. OUTCOMES AND RESULTS**

##### **Long-term objective:**

- A better governed, more peaceful Ethiopia that contributes more strongly to regional security and legitimate stability and better addresses the needs of its people.

##### **Medium-term objectives**

- The administrative capacity of the regional states, has been strengthened and become more inclusive and accountable;

- At the national and regional level, legal frameworks have been revised and justice institutions are better able to perform their tasks independently, fairly, effectively and are accountable and better coordinated;
- Ethiopia has become better at preventing conflicts and conflict resolution is increasingly non-violent and non-punitive;
- Ethiopia has developed an inclusive national prevention & countering violent extremism strategy (P/CVE).
- Humanitarian needs of refugees, IDPs and host communities are addressed and durable solutions reached.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDG: 16 (Peace, Justice and Strong Institutions)
- BHOS: Prevention of conflict and instability
- GBVS: objectives 1 (conflict prevention), 2 (removing the breeding ground for terrorism), 11 (strengthening of international rule of law) and 12 (strengthening international security cooperation)
- Results framework of security and Rule of Law of DSH department

## **B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS**

### *Political governance and service delivery*

The Netherlands will continue to cooperate with both federal as well as regional levels of administration, taking into account the fact that regional authorities are currently assuming administrative responsibilities that were previously held by the federal administration. This will further entail an increased focus on capacity-building support for regional level administrations.

**Oromia** is Ethiopia's largest and most populous regional state and is the economic powerhouse of the country as well. Furthermore, Oromia has a large agricultural sector and hosts by far most Dutch-owned and Dutch-initiated companies. For these reasons, the Netherlands has already developed close ties with the Oromia region, which will be further consolidated. Building on the success of our efforts with Oromia region, the Netherlands will also strive to elevate relationships with Amhara, Tigray and other regional states.

The Netherlands is **one of the few donors** in the rule of law and governance sector. UNDP has recently started a governance program. The Netherlands works together with like-minded donors such as Denmark, Sweden, Norway and USAID, in supporting activities in the sector. The Netherlands is one of the few development partners with a strong focus on regional governments.

Against this background, the interventions of the Netherlands will concentrate on supporting evidence-based **policy development** and **related capacity building** (e.g. developmental and political governance, economic development models and global economy). In addition to a focus on higher levels of regional government, the Netherlands will also look for ways to cascade capacity-building efforts down to lower level administrations, particularly in areas where Dutch investments are located. **Strengthening the capacity of the Oromia President's office** will be considered. Finally, capacity-building support will be provided to **Oromia's legal sector** and Oromia's **parliament** (as part of the NIMD partnership for Dialogue and Dissent). As mentioned above, the Netherlands will consider which of these interventions could be offered to other regions as well. These activities will go hand-in-hand with existing and new interventions that seek to improve the effectiveness of federal institutions, such as the abovementioned engagement with the Attorney General and the House of People's Representatives.

### *Peace and security*

The efforts of the Netherlands are aimed at establishing legitimate stability and sustainable peace. Associated outcomes are on human security (reduced levels of violence and fear), strengthened rule of law (people are better able to access justice) and improved capacity amongst regional and local authorities and societies at large to effectively prevent and resolve conflict in a non-violent and inclusive manner. Relevant cross cutting approaches are an increased conflict-sensitivity, PVE-sensitivity and gender-sensitivity of programming, policy and practice.

Based on our conflict prevention policies, the Netherlands will seek to contribute to improved conflict prevention and peacebuilding capabilities. An integrated approach on conflict prevention that involves all relevant stakeholders is crucial for achieving a lasting impact. To promote an integrated approach by bilateral and multilateral players, the Netherlands will reach out to link its prevention approach, including early warning analysis and early action plans as well as addressing the structural root causes of violent conflict with the EU (including Member States), the UN and World Bank and others. The Netherlands will focus its political and diplomatic engagement with security actors in Ethiopia on the need to **strengthen non-punitive and non-repressive responses to internal security challenges**.

The Netherlands will continue to support the Peace Support Training Centre and **explore possibilities to increase mil - mil cooperation** aimed at improving legitimate stability in Ethiopia and the region, by strengthening the professional capacity of the Ethiopian Armed Forces on fields such as the protection of human rights. In this, cooperation with allies will be sought as much as possible.

The Netherlands will contribute through diplomatic engagement and capacity building activities to the **development of an inclusive national strategy to prevent and counter violent extremism (P/CVE) by the Ethiopian authorities**.

The activities in the area of peace and security will as much as possible be carried out in coordination with activities in other areas. Close integration with the activities in the area of international rule of law and human rights will continue to be ensured and as much as possible conflict prevention engagement will be set up in such a way that it will contribute directly to a safer and more secure operating environment for Dutch-owned businesses. The Planetary Security Conference will be used to increase international attention to address the climate security nexus in the Horn of Africa.

The increase in the number of **IDPs**, principally caused by political conflict, is not only a humanitarian concern, but also risks undermining the stability in parts of the country. Therefore, assisting these IDPs directly contributes to conflict prevention. The Netherlands will therefore seek to support IDPs and will engage the authorities to expand access for IDPs to the Productive Safety Net Programme (PSNP).

In order to increase the effectiveness of **international engagement** in these fields, the Netherlands will pro-actively seek to increase cooperation and coordination with the EU, World Bank and the UN to strengthen conflict-sensitivity analyses and early warning interventions. Furthermore, the Netherlands already cooperates closely with USAID and the EU.

### *Humanitarian needs*

Through its core contribution to humanitarian organisations of the UN and the Red Cross and Red Crescent Movement and to the UN's Central Emergency Response Fund (CERF) the Netherlands is enabling humanitarian organisations to respond to humanitarian needs in Ethiopia.

### 3. Sustainable Trade and Investment

#### A. OUTCOMES AND RESULTS

##### Long-term objective:

- Ethiopia and the Netherlands have a thriving, mutually beneficial, economic relationship, contributing to a sustainable and inclusive economy in Ethiopia.

##### Medium-term objectives:

- Substantial new Dutch investments in Ethiopia and increased trade between the two countries, particularly in the agriculture sector.
- Corporate social responsibility and conflict sensitivity among Dutch investors has been enhanced.
- An improved business climate, including skills development and job opportunities, especially for women and youth, deregulation and relevant economic infrastructure.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDGs: 1 (no poverty), 5 (gender equality), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure) and 12 (responsible consumption and production)
- BHOS: Prevention of conflict and instability, reducing poverty and inequality and enhancing the Netherlands' international earning capacity
- Integrated migration agenda: 2 (strengthening of solutions and protection for forcibly displaced populations in the region)

#### B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS

##### Substantial new Dutch investments

Dutch investments create thousands of decent jobs for men and women, and contribute to the export earnings of Ethiopia. However, foreign investments may also be a factor in conflict dynamics, as local communities often associate these with land and water grabbing, pollution and other negative social impacts. Through a Dutch-funded programme, guidelines will have been provided and further developed to bring about a sound context-specific political-economy analysis, as well as community and stakeholder involvement. In order to assist Dutch investors to operate in a conflict-sensitive manner, the Netherlands will focus on area development together with regional authorities. A first example is the **Kunzila hortihub (Amhara)**, which will be developed within five years with an integrated approach. Parallel activities will be undertaken, including an environmental and social impact assessment and the establishment of a 'development company' (responsible for the proper implementation of IFC's performance standards on social and environmental issues). Other areas elsewhere in Ethiopia can be selected for a similar approach.

In the addition to the above, the Netherlands will monitor other sectors to identify opportunities for Dutch investments that can contribute to a stable and sustainable economic relationship. This is especially so for the demand driven instruments for Dutch investments in Ethiopia, which can support several sectors. A focus will also be on supporting the domestic private sector to export to the Netherlands/EU.

In order to further the facilitation of Dutch investments in Ethiopia, alignment will be further strengthened between, on one hand, the efforts of the embassy to carry out its aid and sustainable trade agenda and, on the other hand, bilateral projects that support specific private sector involvement and initiatives.

### **Corporate social responsibility**

Large-scale investments, particularly those that require large plots of land and water resources, have a profound impact on the neighbouring communities, sometimes leading to tensions with the local population or worse. The Netherlands will facilitate **Social and Environmental Impact Analyses** to help Dutch companies integrate a conflict-sensitive approach in their business models and engage in a continuous dialogue with the communities around them. All Dutch investors will be encouraged to integrate International Corporate Social Responsibility into their business models, and apply a thorough due diligence process. This is in the interest of the investor, local communities and the social-economic fabric in which the investment is planned or set. Where necessary, **trainings in CSR principles** in general or on topics mentioned below will be provided to Dutch companies, and **best practices** where relevant will be regularly promoted among the Dutch business community and beyond. For example, in the region around Lake **Ziway** (Oromia), the Netherlands will work together with the regional and local authorities, companies and other stakeholders to address existing environmental and social challenges in a holistic approach.

Finally, the Netherlands is committed to providing sustainable and safe solutions for refugees in Ethiopia. Dutch companies will be encouraged to provide **internships or even jobs for refugees**, provided the legal and social environment is sufficiently conducive.

### **An improved business climate**

The Netherlands will assist the Ethiopian government to **identify current bottlenecks in the business climate and come up with proposals to solve them**. Such interventions should result in an improved ranking of Ethiopia in the World Bank's Ease of Doing Business Index. Additionally, the capacity of critical government bodies like the **tax authority and investment commissions will be enhanced** by trainings and where relevant by offering hands-on support.

By building skills, like **financial literacy** and **entrepreneurship skills**, providing **vocational education**, and improving **access to finance for SMEs**, more people, especially women and youth, can be economically engaged. Job creation and job matching programmes will be supported and/or facilitated wherever possible. A focus will be on safe working conditions and working towards fair wages, for example in the emerging textile and garment sector.

Improved collaboration between higher education institutes from Ethiopia and the Netherlands and Tailor made group trainings are provided through the Orange Knowledge Programme, facilitated by NUFFIC.

Furthermore, the Netherlands will specifically focus on increasing the opportunities to export perishable goods via the railway between Ethiopia and Djibouti. It will facilitate the Dutch consortium **Flying Swans** to capitalize on its combined expertise to deliver an appropriate **cool chain infrastructure**, both in Djibouti and in Ethiopia.

The Netherlands engages with relevant Ethiopian counterparts. Large donors in the sphere of private sector development are the DFID, SIDA, USAID, Italian Cooperation and the EU. Coordination takes place at the EU-level. The Netherlands is in the top five of foreign investors in Ethiopia and is therefore part of coordination meetings with other large investors. The Netherlands' added value is underpinned by the presence of many Dutch investors and our expertise in agribusiness (e.g. Kunzila).

#### 4. Sustainable development, food security, water and climate

##### A. OUTCOMES AND RESULTS

###### Long-term objective:

- A sustainable and inclusive agricultural and food system, based on integrated water resource and sound environmental management, all of which are climate change proof.

###### Medium-term objectives

- Smallholder farmers' output has grown and their income has increased;
- Increased access to affordable nutritious food through value-chain strengthening of the dairy and horticulture sectors in selected geographic areas;
- Food security and livelihoods of poor households has improved;
- Capacities for efficient and equitable water resource management, particularly in the agricultural sector, have been built;
- Enhanced capacities to increase access to and efficient use of water and sanitation services for poor households;
- Capacities for environmentally sound development mainstreamed in relevant Dutch interventions;
- Climate change mitigation and adaptation mainstreamed in relevant Dutch interventions and the use of renewable energy promoted.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDGs: 1 (no poverty), 2 (zero hunger), 3 (good health and well-being), 5 (gender equality), 6 (clean water and sanitation), 8 (decent work and economic growth), 9 (industry, innovation and infrastructure), 10 (reduced inequalities), 11 (sustainable cities and communities), 12 (responsible consumption and production), 13 (climate action) and 14 (life below water).
- BHOS: Prevention of conflict and instability, reducing poverty and inequality and promoting sustainable, inclusive growth and climate action

##### B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS

###### Smallholder farmers' output has grown and their income has increased

The Netherlands main support will be provided to the Ethiopian Ministry of Agriculture and Regional Bureaus of Agriculture through flagship programmes and institutes. These are the AGP (Agricultural Growth Programme), one of the flagship programmes of the Ministry of Agriculture and Livestock, and the ATA (Agricultural Transformation Agency), both focusing on **areas with high agricultural potential in the four highland regions**, Amhara, Oromia, SNNP and Tigray. AGP and ATA need to create synergies and mobilization of resources when their intervention matches geographically. AGP and ATA are supported variably by a number of other donors, World Bank, EU, Canada, USAID, Italy, Spain and Denmark, Norway and the Bill and Melinda Gates Foundation

Where possible, the AGP and the ATA will be bilaterally supported through Dutch-funded projects in the Agricultural Commercial Clusters (ACCs). **The bilateral projects will focus on basic requirements** for increasing agricultural production and marketing. Bilateral projects will be to the extent possible integrated into the work of ATA, AGP, the Agricultural Bureaus and other government institutes. This collaboration will be formalised. ATA's work in ACCs will be closely monitored, including its collaboration with Dutch bilateral projects. Critical to the success of the ACCs is farmers' access to market. This will

require not only **intensive engagement with the AGP and ATA, but also with the Regional Bureaus of Agriculture, Water and Environment**. Collaboration in the ACCs will create opportunities to forge partnerships with other development actors with which NL is connected, including private investors.

Generally, bilateral support to the smallholder sector will be more frequently monitored with regard to the level of internal cooperation, institutionalisation, Ethiopian ownership and its economies of scale as these principles will determine the level of sustainability of this intervention.

Bilateral programmes focusing on agribusiness and export will be geared more towards supporting the Aid & Trade agenda by facilitating corporate social responsibility and preventing conflicts wherever Dutch trade and investments are involved in Ethiopia.

### **Increased access to affordable nutritious food through value-chain strengthening of the dairy and horticulture sectors in selected geographic areas**

The Netherlands will intensify its **focus** on the dairy and horticulture sectors. Both are important for increasing farm income and the supply of nutritious food, they also have potential for industrial processing and employment. Moreover, the Netherlands has strong expertise in these sectors and multiple Dutch actors (private sector, NGOs, knowledge institutes, OKP) are already active in Ethiopia or can play a role. Interventions will be concentrated in **selected geographic areas** that are most suited for dairy and horticulture development. This will allow a comprehensive value chain approach and ensure ecological sustainability.

In the dairy sector a new programme will be started, aiming at scaling up past interventions and implement them in a more integrated way. It will seek complementarity with a newly started big livestock programme by the government with a loan from the World Bank. With its new dairy programme, along with a number of Dutch private sector investments, the Netherlands is likely to be the largest bilateral actor in the dairy sector in Ethiopia. New Zealand comes next.

In horticulture, the focus will initially be on creating more synergy with other Dutch and non-Dutch interventions. Both dairy and horticulture are bound to be prominent in the transition from aid to trade as they have **scope for more large commercial investments**. On-going activities by other development actors should not be duplicated but mapped and integrated into this approach. NUFFIC's OKP (**Orange Knowledge Programme**) will be geared to particularly support the horticulture and dairy sectors in line with the sub-strategies developed for Dutch support to these two sectors.

### **Food security livelihoods of poor households has improved**

Agricultural transformation or, more generally, economic transformation will, for some time to come, remain beyond the reach of households living in marginal conditions. Within this context, the Netherlands' main channel of support will therefore continue to be the government's **Productive Safety Net Programme (PSNP)**, which combines both the function of social safety net and that of strengthening livelihoods. The safety net function of the programme has proved to be – literally - a lifesaver in the last couple of years by protecting on a substantial part of the rural population from the effects of droughts.

**The livelihood-strengthening component in PSNP**, however, has proven to be relatively weak. The Netherlands will engage – both bilaterally and multilaterally – to strengthen this component. This bilateral track is relatively unique.

As a contribution to the improvement of the quality of nutrition among food insecure households, coordination and integration will be sought with the **mobile platform/ecosystem and business models under development for SRHR**. At the policy level, the Netherlands will support a strong and smooth

**transition** mechanism, now in preparation, between PSNP and emergency assistance, so as not to disrupt on-going development processes in areas stricken by drought or other disasters.

**Capacities for efficient and equitable water and land resource management, benefitting the agricultural sector, have been built**

In order to prevent conflicts between users or geographic areas, water must be managed efficiently, and be allocated to its various uses and users in a concerted and agreed-upon way. **Additional** resources will be made available to develop relevant water interventions. Some of these will be used to strengthen **water governance and efficient water management** on key issues and in key areas such as the agriculture commercialization clusters.

In addition to water management, sustainable land management is crucial for water capture and use, especially in view of climate change risks in drought prone areas. Therefore, centrally funded programmes dedicated to land restoration and greening will be continued and aligned with water governance and management.

Newly developed central programs such as the water productivity program that aims to achieve 15% increase in water productivity and the BLUE DEAL that will allow Netherlands' water authorities to establish long-term engagement with **Ethiopian River Basin Authorities will be made instrumental to advance water governance and improve catchment management that will benefit agricultural water efficiency**. The Netherlands will make sure through inclusive stakeholder engagement that fragmentation is avoided.

The Netherlands' bilateral support to the **irrigation** sub-sector will continue to bring systemic changes in the irrigation sector by making irrigation development participatory, sustainable and marketable with a focus on AGP and ACC areas. Cooperation with catchment management organisations and initiatives will be supported to secure a sustainable water provision.

**Enhanced capacities to increase access to and efficient use of water and sanitation services for poor households**

Access to safe drinking water and an environment free of disease is both a basic human need and a recognised human right. The Netherlands will continue to support the government to reach the SDG for water and sanitation by helping to establish inclusive and sustainable WASH facilities and developing capacities at utilities and improving the enabling environment for accelerating WASH. In this regard, centrally funded **programmes on WASH** (water, sanitation and hygiene) and on the enabling environment for urban WASH will be instrumental. Coordination and partnerships are also methods that will be sought to increase synergy between food and nutrition security, water management and WASH. The ambition to integrate WASH with IWRM and food security originates from the pursuit of sustainability of services and of the environment, and from the pursuit of effectiveness in terms of agricultural yields and benefits for public health.

The WASH and Nutrition programs will be aligned to food and nutrition security programs and focus areas of the Netherlands to promote better coordination and collaboration between central/decentral interventions, including pilots to bring about a more circular use of water and waste management. The Netherlands will analyse what the state of play is in Ethiopia with regard to WASH, where the Netherlands could have a possible added value and what resources would then be required.

**Capacities for environmentally sound development mainstreamed in relevant Dutch interventions;**

Development interventions and investments may affect the environment negatively in various ways. This objective will therefore be crosscutting in nature and it will largely involve mainstreaming. It will mostly

focus on water resources and aquatic environments as these are most under threat. Deterioration of such environments may also fuel conflicts.

**Environmental soundness** is particularly relevant for areas with large investments in industry and agriculture, i.e. in the greater Addis area and surrounding Oromia, where most Dutch investments can be found. Particularly in the Central Rift Valley, commonly agreed solutions need to be found urgently for the **(alleged) environmental issues concerning flower farms**. Here, the Sustainable Trade Initiative (IDH), already involved in landscape management and newly approved water catchment programmes (FDW) need to closely cooperate.

The second line of intervention under this objective is to strengthen the **capacities of regional and district governments** (esp. Oromia and Amhara) in strategic environmental assessment and environmental impact assessment. The expertise of the NCEA (Netherlands Commission for Environmental Assessment) will be leveraged for this.

The third line of intervention will be the **promotion of appropriate and economically viable technologies** that can reduce adverse environmental impact. Central programmes such as the Fund for Sustainable Enterprise and Food (FDOV), the Fund for Sustainable Water (FDW) and the Applied research Fund for Food and Agribusiness should be used more for the development and scaling up of such technologies.

**Climate change mitigation and adaptation mainstreamed in relevant Dutch interventions and the use of renewable energy promoted.**

This will also be largely achieved through **mainstreaming** of climate change adaptation and mitigation measures in development projects and investments and through **collaboration with the EU**, which has strong climate programmes in support of Ethiopia's Climate Resilient Green Economy strategy, through participation in joint campaigns and the like. Synergies will be sought between centrally funded programmes on energy (e.g. promotion of efficient cook stoves and renewable energy), as well as water catchment and landscape management programmes (e.g. WAPOR, G4AW).

## **5. Social progress**

### **A. OUTCOMES AND RESULTS**

#### **Long-term objectives**

- Ethiopia has an equitable, qualitative adequate and sustainable health system, in which sexual reproductive health rights (SRHR) has its proper place.

#### **Medium-term objectives**

- The national health system has improved its service delivery to all Ethiopians;
- Provision of SRHR services is safeguarded, including Comprehensive Sexuality Education (CSE) at schools;
- Youth and adolescents have adequate access to SRHR services;
- Non-traditional health financing modalities have become more prevalent.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDGs: 3 (good health and well-being), 4 (quality education), 5 (gender equality), 16 (peace, justice and strong institutions) and 17 (partnerships for the goals)
- BHOS: Reducing poverty and inequality and promoting sustainable, inclusive growth and climate action

## **B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS**

Support to the improvement of the **national health system will continue** in line with the current Health Sector Transformation Plan and in recognition of the Ministry of Health ownership and leadership.

The support channelled via the **SDG Performance Fund** will be as close to full sectoral support as possible. Within this modality, the Netherlands will emphasise the need for **donor harmonisation** through the Health Population Nutrition group and the SDG Performance Fund in order to effectively align with government policies through a meaningful donor-government dialogue.

The Netherlands will contribute to **infrastructure development**, at all levels in close cooperation with the Dutch Enterprise Agency and the government. Combined with this objective, there will be an effort to improve the referral system to promote the best possible care at the most appropriate level, that ideally would be in the local community and exceptionally but accessible to all-in-need tertiary specialised care.

The Netherlands will maximise opportunities to **exploit synergies and improve efficiency**, i.e.: service integration at community level, including private sector providers and combined data processing for integrated analysis. This is closely related to opportunities to exploit possibilities for meaningful youth employment and entrepreneurship from within the health sector. Furthermore, the Netherlands' programmes will use opportunities to avoid fragmentation and increase alignment in the field of SRHR.

The Netherlands will support the Ministry of Education's curriculum review with the aim to integrate **comprehensive sexuality education** and gender perspectives throughout. By contributing to NGO-provided services in support of the National Health System, the provision of SRHR services will be safeguarded, especially for access to family planning and comprehensive abortion care.

Where relevant and possible, synergies will be sought in the field of migration. This may include attention for psychosocial and psychological support. The Netherlands will explore and promote new and **non-traditional health financing sources**.

The Netherlands will continue to **balance 50/50 support to the Federal Ministry of Health (FMoH) and NGO's**. Based on existing successful partnerships, intensified cooperation will be sought with Regional Health Authorities and (national) Ethiopian NGO's. The Netherlands will encourage joint financing opportunities, especially with Dutch sources, and advocate consortium cooperation by its implementing partners.

**Mobile platforms and blockchain** technologies hold the promise of enabling integration at community level, improved (youth) employment, whilst contributing to improved SRHR outcomes and alignment with (fair chain) for-profit businesses and mobilisation of new sources of funding/investment. In this context, the Netherlands will continue to encourage the Ministry of Health to explore Performance Based Financing (PBF) options at Health Facility level.

Finally, the Netherlands will continue to channel **She Decides** financing to compensate for the loss of US government funding to partners who refuse to stay far from providing access to safe abortion.

Finally, Netherlands will – through the centrally funded **Strategic Partnerships** - strengthen capacity and legitimacy to both international and local NGO's to make full use of the expanding political space in Ethiopia to influence government and business policies in various areas.

## **6. Migration and refugees**

### **A. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS**

#### **Long-term objectives:**

- Durable solutions for forcibly displaced people and host communities; decreased irregular migration from and through Ethiopia.

#### **Medium-term results:**

- The Ethiopian government has improved capacity to offer whole-of-government development solutions for forcibly displaced populations through local integration;
- Forcibly displaced people and host communities have better access to education, protection and jobs and livelihoods;
- Better migration management (including countering of human smuggling and trafficking) and enhanced protection of people on the move;
- Constructive cooperation in field of return migration and sustainable reintegration of irregular migrants.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDGs: 4 (quality education), 5 (gender equality), 8 (decent work and economic growth), 10 (reduced inequalities), 16 (peace, justice and strong institutions) and 17 (partnerships for the goals).
- Integrated migration agenda: 1 (prevention of irregular migration), 2 (strengthening of solutions and protection for forcibly displaced populations in the region), 5 (enhancing pathways for legal migration).

### **B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS**

The Netherlands will achieve these objectives by translating new Dutch migration priorities and budgets into programmes that use opportunities in the evolving Ethiopian refugee and IDP policy context, while ensuring coherence with already ongoing programmes. Recently adopted legislation and announced policy reforms by the Ethiopian government provide an opportunity for a better response. Through these commitments, the Ethiopian government provides expanding space for enhanced partnerships with donors like the Netherlands to support innovative, more durable solutions for forced displacement.

In support of 'durable solutions', funds will be largely channelled via a new global partnerships with multilateral development actors (WB, IFC, ILO and UNICEF) and UNHCR, further transforming the way that the international community and hosting countries have traditionally financed refugee protection from humanitarian funds. Of these four actors, the World Bank, together with the EU, is the biggest donor regarding durable solutions. The Bank finances many projects 'in the spirit of Comprehensive Refugee Response Framework' in Ethiopia under its IDA-18 sub-window for refugees and host communities. The situation of internally displaced people needs different responses than those developed for refugees.

The Netherlands will also seek linkages with relevant policy processes in regional organizations such as the African Union and IGAD. The Netherlands continues to actively engage in stakeholder management. Through its lead role in the Regional Development and Protection Programme (RDPP), an EU-programme that implements durable solutions for refugees in the wider Horn-region since 2016, the Netherlands remains active and visible in the donor community and in relationship with the Ethiopian government.

### **Improved government capacity**

The Netherlands will continue to support the Ethiopian government in bridging the gap between a humanitarian and a development approach. The government's capacity (local, regional, federal) to provide integrated service delivery to forcibly displaced people and host communities will be strengthened through Dutch-supported processes like the **Comprehensive Refugee Response Framework** (CRRF) and **Regional Development and Protection Programme** (RDPP). The Netherlands will focus on evidence-based interventions through improved refugee data and will continue its intensive cooperation with the World Bank, UNHCR, the Ethiopian authorities (Administration for Refugee and Returnee Affairs) and the European Union. Responding to a concrete demand of the Ethiopian government, the Netherlands is currently exploring possibilities to support the government in dealing with the needs of the growing **IDP population** in the country, and will seek linkages with the food security portfolio to address this.

### **Better access to education, protection, jobs, and livelihoods**

In addition to humanitarian assistance, the Netherlands aims to promote local integration and self-reliance among forcibly displaced people and host communities, with a focus on education, jobs and livelihoods. Besides the ongoing efforts through the RDPP programme, the Netherlands will explore **new possibilities**. In education, activities will target the most vulnerable displaced populations (including IDPs) with vocational training programmes. Regarding jobs and livelihoods, the Netherlands aims to address root causes of irregular migration, *inter alia* with extra investments in employment opportunities, where the interests of the refugee community and local community are both taken into account. Dutch investors will be supported when they employ refugees (**Jobs Compact Pilot**) and efforts will be made to roll out region-wide labour market assessments and to strengthen labour administration and inspection. Furthermore, the Netherlands will investigate what the psychosocial and psychological needs are of the migrant, refugee and displaced population, what could be a possible added value for the Netherlands in this area and what resources would then be required.

### **Decreased irregular migration and enhanced protection of people on the move**

One of the focus areas of the migration portfolio in Ethiopia is **to improve migration management**, *inter alia* through joint combating of human smuggling and trafficking and awareness raising amongst migration-prone communities. The objective of these interventions is to **diminish push and pull factors** for potential irregular economic migration through prevention and capacity building of authorities. The Netherlands will continue to support awareness and information campaigns through IOM and the Attorney General, and cooperates with the Ethiopian government on this topic under the Khartoum process.

### **Increased returns and sustainable reintegration of irregular migrants**

Through diplomatic and political engagement, the Netherlands supports EU efforts to establish **a broad migration partnership** with the Ethiopian authorities. This includes the development of standardised return and referral practices, policy dialogues on reunification procedures and travel permits, in exchange for enhanced pathways for (temporary) legal migration.

## 7. Women's rights and gender equality

### A. OUTCOMES AND RESULTS

#### Long- term objective:

- Equal rights and opportunities for women and men in Ethiopia.

#### Medium-term objectives:

- Decrease in violence against women and harmful traditional practices with specific focus on child marriage, female genital mutilation and menstrual hygiene management;
- Women's economic self-reliance and women entrepreneurs is enhanced in priority sectors;
- Women engaged in the horticulture and dairy value chains have increased income and decision-making power;
- Women in leadership and regional governments have enhanced capacity and participation.

The Netherlands' engagement in this area will contribute to the following frameworks:

- SDGs: 5 (gender equality)
- BHOS: women's rights and gender equality as cross-cutting theme

### B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS

Priority will be given to systematically **integrating gender equality** issues in diplomatic and development cooperation activities. More focus and emphasis will be given to **integration of gender equality objectives** and outcomes in the design phase of activities. Implementing partners will be encouraged to involve gender expertise and implement gender strategies and mainstreaming within projects. In conflict analyses, gender will be a component that will be specifically addressed where relevant.

Opportunities for **gender-specific programming** - as a catalyst for the gender mainstreaming efforts that the Netherlands is undertaking in the different policy priorities - will be used whenever relevant and provided there is available capacity. Hence, the Netherlands will explore and use opportunities under the relevant funding programmes.

#### Decrease in violence against women and harmful traditional practices

Activities in the security, rule of law and SRHR thematic priorities will continue to address **the legal (protection) and service provision gaps** in Ethiopia. By provision of safe house services and capacity enhancement of the justice sector personnel's in victim's case handling, the Netherlands will continue to enhance victim's rights protection and empowerment. Through SRHR strategic partnerships, interventions will focus on the prevention aspects of **child marriage and female genital mutilation** through school-based comprehensive sexuality education. These practices are deeply rooted in the culture and religion. The interventions will therefore firstly engage key influencers such as religious leaders.

#### Women's economic self-reliance and women entrepreneurs is enhanced in priority sectors

Given the significant presence of Dutch investments particularly in the horticulture and dairy sectors, Netherlands trade involvement can significantly contribute to **enhancing women's economic self-reliance and reduce women's unemployment**. Dutch support to the Ethiopian Horticulture Producers,

Exporters Association (EHPEA) will play a significant role in setting standards and measures for sexual reproductive and health needs of women in the workforce and addressing **gender-based violence** at work. Through diplomacy, the Netherlands will work to include **gender equality assessment** criteria in the different instruments for support to investments in Ethiopia.

#### **Women in agriculture and dairy sectors have increased income and decision-making power**

Dutch interventions in the food security will work to address the barriers that limit women's participation, access, and decision-making power. Whenever possible, interventions will be encouraged and supported to specifically look into and address the **intra-household gender imbalances**.

#### **Women in leadership and regional governments have enhanced capacity and participation**

Support to the Oromia regional reform agenda is an entry point to enhance the **capacity of women in leadership positions**. By closely following the developments of the reform process, opportunities will be identified to showcase best practices of women in leadership. A tailor-made approach, leveraging central funding, to capacity enhancement for selected female officials will contribute to increasing their participation in the reform process. Furthermore, interventions as part of the security and rule of law programmes will ensure gender-sensitive capacity building to the **legal sector**. Such integration will also have to address deep-rooted structural, legal barriers to women's access to justice.

## **II – bis / AU and IGAD**

### **AU**

Addis Ababa hosts the African Union (AU). The African Union is the pan-African organisation representing all African states and Western Sahara and is the preferred political interlocutor for the EU with Africa. The African Union intends to focus on enhancing peace and security, good governance, economic integration on the continent and African Voice on the world stage. As such, the work of the AU is in the direct interest of the Netherlands, as stability, healthy political systems and economic prosperity of the southern neighbours of Europe benefit the Netherlands directly.

The African Union Commission is a relatively young organisation and is smaller than its counterparts the European Commission and the United Nations Secretariat are. Institutionally it is developing.

Under leadership of Chairperson Faki, who took office in 2017, the AUC enhanced its international political profile and worked towards strengthening relationships with the EU and UN, especially in the areas of peace and security and development. The previous chair of the Union, Rwandese President Kagame had an ambitious reform agenda, aiming at strengthening the focus and operational efficiency of the African Union, including increased self-financing. The AU assembly accepted the reform proposals in 2017 and the AUC is still working on them. As the AU Chair, President Kagame also launched a bold integration agenda, with plans for a Continental Free Trade Area (AfCFTA), a Single African Air Transport Market (SAATM), a Protocol on Freedom of Movement for people across the continent and a 10 year migration strategy. A high number of AU member states signed these agreements or indicated their intention to do so. The current chair, Egypt, will focus on economic integration and infrastructure.

## IGAD

IGAD is the regional economic community for the Horn of Africa. With the process of normalization of relations between Ethiopia and Eritrea, the dynamics within IGAD are shifting. IGAD plays an important role in regional policy development and especially in the political processes in South Sudan and Somalia. IGAD is and will also remain active in broader regional peace and security policies, as well as in the fields of migration, climate, drought resilience, health and agriculture. Also the IGAD-organization is developing institutionally. A greater financial independence of the AU and its RECs, as foreseen by the AU's reform process, will be a positive influence on the relations between partners and the organisations.

### A. OUTCOMES AND RESULTS

#### Long-term objective

- The AU and IGAD are strong political organizations of relevance to continental and regional peace and security and economic integration and are largely financially autonomous. Through its engagement, the Netherlands has encouraged this along the way.

#### Mid-term objectives

- The Netherlands has encouraged the African Union/IGAD to achieve tangible results, first and foremost in the field of peace and security, but also in other priority areas such as economic integration and migration. Its engagement has contributed to progress on organizational and financial reforms within the organizations.
- The relations between the African Union and the European Union, including the Netherlands, are good and productive at political and working levels.
- The Netherlands plays an active role in decision making on EU-AU relations and programs.

### B. HOW WILL WE ACHIEVE THESE OBJECTIVES AND RESULTS

#### *Peace, Security, and Reforms*

The Netherlands will continue to support AU and IGAD in the field of peace and security. In the choice for modalities and cooperation structures, the Netherlands aims to support activities in such a way that it is conducive of organizational and financial reforms within the organizations (midterm objectives 1 and 2).

The Netherlands will continue to support the work of the AU in the field of peace and security, with specific attention for conflict prevention, rule of law, mediation and integration of gender-objectives. The Netherlands has also been a long-term partner of IGAD, supporting its peace and security program since 2012.

#### *Policy priorities*

The Netherlands will aim to cooperate effectively with AU and IGAD in other priority areas, such as economic integration, migration, health/SRHR, climate and agriculture. Cooperation can take different forms depending on the results to be achieved, including diplomatic engagement, technical assistance and financial support. Shortage of funding is not always the issue. The AU team at the embassy in Addis Ababa will function as a representation to the AU and IGAD as well as a knowledge base for the Netherlands government on how to effectively engage with both organizations.

Multilateral organizations such as the African Union and IGAD benefit from the checks and balances of an active field of civil society and think tanks. The Netherlands will aim to strengthen this field, provide platforms and support, and encourage (centrally funded) CSO's to work as integrated as possible in order to increase effectiveness.