AfDB and Ethiopia
Partnering for Inclusive Growth
Obelix at Axum.
seize this opportunity to commend the Government and people of Ethiopia for the socio-economic progress that has been achieved over the past decade. Ethiopia’s impressive economic growth, especially for a non-oil producing economy, is a reflection of the committed leadership, its pro-poor stance and transformational policies.

At an annual average rate of 11 percent over the past nine years, Ethiopia is one of the fastest growing economies in the world. It has also emerged as the largest in Eastern Africa. This remarkable progress has put the country among the few that are on track to achieve many of the targets set for the Millennium Development Goal.

The African Development Bank is proud of the strong partnership that it has forged with the Government of Ethiopia. We have always attached great importance to our relations, which is marked by frank dialogue, strategic selectivity and a strong focus on results. Ethiopia has also distinguished itself as always being at the forefront among our Regional Member Countries (RMCs) in supporting key Bank initiatives.

We have been active in Ethiopia since 1975 and our cumulative commitments have reached UA 2.50 billion (US$ 3.75 billion). For almost four decades, I am pleased to say that the Bank has been instrumental in supporting the Government’s development programs and regional integration initiatives. Under the Bank’s decentralization strategy, we are already implementing measures geared to further strengthen our country presence, thereby sustaining the recent gains in portfolio management, as well as enhance policy dialogue and aid coordination activities.

Beyond this, the Bank Group will continue to position itself to further assist RMCs tackle their emerging development financing challenges. In this regard, the Bank’s new Ten-Year Strategy (2013-22) provides a robust framework to enhance our engagement with RMCs to achieve transformation through inclusive economic growth and effective transitioning into green economies.

We remain highly convinced that Ethiopia’s development prospects are strong and look forward to sustaining the robust partnership in order to realize Ethiopia’s ambition to reach middle income country status by 2025.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

Blue Nile waterfalls.
I welcome, with great pleasure, the African Development Bank’s initiative to devote a special report to its partnership with Ethiopia. It is my conviction that this publication will enable the public to appreciate the joint efforts made by the Ethiopian Government and the African Development Bank to improve the living conditions of the people of Ethiopia.

Since several years now, Ethiopia has embarked on a series of reforms to accelerate growth, improve the delivery of basic services, and achieve the targets set in the Millennium Development Goals (MDGs). The transformation is not yet complete and the Government continues to search for ways of scaling up investment to ensure that the growth rate remains at double digit up to 2015 and beyond, in order to make a huge dent on poverty and move to a sustainable development path. During these periods, the support of development partners has continued to be crucial.

Over the years, the African Development Bank has emerged as the Ethiopian Government’s partner of choice. The Bank has financed development projects and programs across various sectors of the economy, including strategic regional operations that seek to enhance economic integration with our neighbors. The Bank’s resources have also supported priority projects in infrastructure and enabled the Government of Ethiopia to pursue its decentralization agenda. Through this support, the provision of basic services across the country has expanded, particularly in the agriculture, education and health sectors, as well as in the provision of rural roads, water supply and sanitation.

Ethiopia appreciates the increase in ADF allocation to the country, from UA 284 million under ADF XI to UA 404.7 million under ADF XII. These resources have been deployed to support development priorities in the country, including rehabilitation and development of trunk roads and regional road transport corridors; expansion of the electricity supply system; and programmatic support for decentralized basic services delivery, which are critical for broad-based, equitable growth and achievement of the MDGs.

I would like to take this opportunity to commend the Bank for its responsiveness, which has been made possible by its enhanced presence on the ground. The Ethiopia Country Office of the AfDB has greatly contributed to the improved portfolio quality by providing support to projects and helped strengthen policy dialogue with Government and other stakeholders, in addition to improving coordination with the other development partners operating in the country.

This Country Brochure clearly shows the high level and quality of cooperation between the AfDB and Ethiopia. In this regard, I wish to confirm that my country will continue to give all the support required by the Bank to enable it fully play its role as the premier development finance institution on the continent.
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Onion Farm: transforming into cash economy.
The African Development Bank Group (AfDB) is a multilateral development finance institution founded in 1964 to promote the economic development and social progress of African countries. It officially began operations in 1967 from its headquarters in Abidjan, Côte d’Ivoire. In 2003, the institution’s Board of Governors decided to relocate the Bank’s headquarters temporarily to Tunisia, due to the political and security situation in Côte d’Ivoire at the time.

The Bank Group comprises the African Development Bank (ADB) and two concessional windows namely, the African Development Fund (ADF), established in 1972 and the Nigeria Trust Fund (NTF), established in 1976. The Bank Group is funded by its 53 African Regional Member Countries (RMCs) and 24 Non-Regional Member Countries. The AfDB supports its RMCs by mobilizing and allocating resources for investment, as well as providing policy advice and technical assistance to support development efforts.

Since 2006, the Bank Group’s operations have focused on key strategic areas such as infrastructure development and regional integration; private sector development; economic governance reforms; and support to higher education, science and technology, and vocational training. Between 1967 and 2012, the Bank Group approved 3,796 operations (loans and grants) totaling UA 63.66 billion (US$ 96 billion).
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH
Ethiopia’s economy has evolved to become the largest non-oil exporting economy in Africa in the past decade, and one of the top ten fastest growing economies in the world. The economy has enjoyed robust growth for eight consecutive years, driven primarily by huge public investment in infrastructure, commercialization of agriculture and expansion of non-traditional exports. Real Gross Domestic Product (GDP) growth rate averaged 11% over the FY 2004/05–2011/12 period. Sound fiscal policies have led to a fiscal balance within acceptable thresholds. The fiscal deficit, including grants, stood at 1.7% of GDP in 2009/10, 1.6% in 2010/11 and 1.3% in 2011/12. Pro-poor expenditures dominate spending, accounting for 69% in FY2011/12. Revenue collection performance has improved significantly due to tax reforms, vigorous collection efforts and improved enforcement.

However, maintaining macroeconomic stability, especially curbing inflation, is the foremost macroeconomic challenge. Monetary policy in FY2011/12 has been geared towards lowering inflation with the implementation of base money nominal anchor. National Bank of Ethiopia (central bank) direct advances to the Government budget have ceased. These efforts appear to be bearing fruit as the headline inflation rate dropped to 7.7% as at end March 2013, from a peak of 40.6% in August 2011. Ethiopia remains at low risk of debt distress in 2012 although the vulnerability of debt burden indicators has been on the rise.

Export growth is decelerating (from 30% in 2010/11 to 14% in 2011/12) while there was an unusually large increase in the import growth rate (from zero growth in FY2010/11 to 34% in...
In FY2011/12, exports increased to US$3.2 billion while imports reached US$11.1 billion. Gold exports have become the second highest, next to coffee. Capital goods, petroleum products and consumer goods accounted for the bulk of imports.

Ethiopia has achieved significant gains in poverty reduction, making the fastest progress towards the MDGs, on track to meet 5 MDGs (1, 2, 4, 6 and 8) and likely to meet the other 3 MDGs (3, 5 and 7). Contraceptive prevalence increased from 15% in 2004/05 to 29% in 2010/11 and coverage of antenatal visits reached 34%, from 28% during this period. Under-5 mortality rate declined from 123 (per 1000 live births) to 88 while infant mortality dropped from 77 to 59. Primary school enrolment rates increased from 68.5% to 85.4%. Literacy rates have also risen since 2004, from 37.9% to 46.8%. The poverty headcount declined significantly, from 38.7% in 2004/05 to 29.6% in 2010/11. The GTP target is to reduce poverty rates to 22.2% by 2015. Urban employment and unemployment survey revealed that the unemployment rate has declined from 26.2% in 2007/08 to 17.5% in 2011/12.

This progress notwithstanding, Ethiopia is still ranked 173 out of 186 countries in the Human Development Index for 2013, highlighting the need to focus on expanding economic opportunities for the growing population. With per capita GDP at US$ 513, the focus is to ensure that investments in infrastructure and in the social sectors foster inclusive growth.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

ASSP - Watershed management.
A FDB and Ethiopia partnering for inclusive growth.

Harar old city resident.
The Government of Ethiopia’s key development objective is to achieve inclusive, accelerated and sustained economic growth and to eradicate poverty. To this end, the Growth and Transformation Plan (GTP) – a five-year development plan – was launched in late 2010 as the vehicle for sustained growth, poverty eradication and to lay the foundations for structural transformation.

The GTP’s specific objectives include: (i) maintaining at least 11% average annual growth rate; (ii) expanding and ensuring quality of education and health services and achieving the MDGs; (iii) establishing suitable conditions for sustainable nation-building through creation of a stable democratic and developmental state and; (iv) ensuring growth sustainability by fostering a stable macro-economic framework.

Ethiopia’s development efforts under the GTP are being pursued through seven strategic pillars: (i) Sustaining rapid and equitable economic growth; (ii) Preserving agriculture as a major source of economic growth; (iii) Creating favorable conditions for the industrial sector to play a key role in the economy; (iv) Developing infrastructure; (v) Providing and expanding quality social services; (vi) Building public institutional capacities and promoting good governance; and (vii) Empowering women and the youth and broadening social inclusion.

The GTP recognizes that Ethiopia is in a critical phase on its development path and will need to consolidate the results achieved thus far to achieve the Millennium Development Goals (MDGs) while focusing on broad-based growth and transformation.
Agriculture sector plays a key role in the economy. Emphasis is placed on enhancing productivity through scaling up model smallholder farmer practices; expansion of small and medium scale irrigation; development of rural infrastructure, including all-weather roads and markets; and promotion of commercial farming. These interventions will be complemented by efforts to conserve natural resources and mitigate and adapt to climate change so as to minimize the strain on economic and social infrastructure and land productivity. Ethiopia’s Government sees the diffusion of modern agricultural technologies and best practices as central to achieving the goal of socio-economic transformation.

The GTP also accords a high priority to the industrial sector, particularly small and medium enterprises that are largely responsible for driving innovation and competition as well as the creation of employment opportunities for the growing urban population.

Through the GTP, the Government has also prioritized the expansion of federal and regional road networks that link all districts (Woreda) with all-weather roads - the road network is estimated to have increased by 10,000 km throughout the country. The Government also plans to build a 1,500 km long standard gauge rail network, including the rehabilitation and upgrading of the Ethiopia-Djibouti railway line, with opportunities to supply locomotive engines and railway signaling systems.

To meet the energy shortfall, renewable energy resources are being developed and the power sector infrastructure expanded. The Government’s target is to install 8,000 Megawatts of new generation capacity and rehabilitate 4,800 km. of power transmission lines by 2015. These investments will raise the total generation capacity to 10,000 MW, which will meet domestic demand and also have a surplus to export to its neighbouring countries. In addition, the Government plans to construct 82,500 km. of new power distribution lines.

The GTP’s social development agenda is to expand access to education and health services with emphasis on equity and quality. The Government is continuing its efforts to promote good go-
governance and strengthen institutional capacity while paying more attention to issues related to gender equality and youth empowerment. The policies to promote gender equality include entrepreneurial development, provision of credit, and greater women’s participation in decision-making as well as discouraging harmful traditional practices.

With the support of the donors, the Government has put in place one of the largest social protection programs in Africa – The Productive Safety Net Program - aimed at lifting the most vulnerable households that are chronically food-insecure from recurrent food aid to a more secure, predictable and largely cash-based form of social protection.

The total investment required for the GTP is approximately ETB 1.26 trillion (US$ 77 billion). It is estimated that 54.8% of this amount will be funded directly from the national budget. Recognizing the substantial investments required under GTP, the Bank has proposed to support public private partnerships, in addition to direct lending support for infrastructure investments, in order to accelerate and scale up infrastructure development in the country.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

Water for life.
Ethiopia officially joined the AfDB on 10 September 1964. As at March 2013, the Bank had approved 119 loans and grants for a total commitment of UA 2.50 billion (US$ 3.75 billion), with concessional loans and grants accounting for 85.3%. Bank Group approvals were distributed across its three windows. The non-concessional ADB window accounted for 11.2%, the concessional ADF window accounted for 88.6% and the Nigeria Trust fund (NTF) for the remaining 0.2%.

Over the years, the Bank has developed a diversified and well-performing portfolio in Ethiopia. Cumulatively, operations financed by the Bank cover mainly multi-sector operations; which represented 28% of the portfolio; transport (22%); power supply (21.6%); agriculture and rural development (15.1%); social sector (2.8%); water and sanitation (4.7%), industry and mining (3.4%); while the balance (2.5%) was approved for communications and financial sector.

Currently, the Bank is shifting the focus of its support to Ethiopia towards fewer but larger projects that have higher development impacts, in line with the Country Strategy Paper (CSP) principle of strategic selectivity. The average project size currently stands at US$ 79.35 million (UA 52.38 million), which is more than three-fold the Bank's average of US$ 31.21 million (UA 20.6 million).

The performance and quality of Bank portfolio in Ethiopia has witnessed a steady improvement. Consequently, the portfolio performance rating has improved from 2.15 points in 2008 to 2.6 in 2012 (on a scale of 0 to 3). Following the 2010 portfolio performance review, the Bank and the Government adopted a Country Portfolio Improvement Plan (CPIP), which included a “Readiness Filter” to screen new operations for quality-at-entry. This has helped to improve the implementation readiness of projects entering the portfolio, and is also contributing to reduced implementation delays.

With respect to the aid effectiveness agenda, the Bank has made good progress in Ethiopia. Paris Declaration surveys show that the Bank has increased its use of country systems and does not use parallel project implementation units.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

Linking communities.

The Bank Group’s 2011-2015 Country Strategy Paper (CSP) for Ethiopia takes into consideration the numerous lessons from previous experiences, including among others, the need to reduce project implementation delays. The CSP also identified the need for (i) strategic selectivity both across pillars and within sectors of intervention; (ii) a robust results framework with baseline data and effective tools to track and monitor progress supported by evidence-based analytic work; (iii) mainstreaming capacity building in operations, which is important for implementation performance; and (iv) adapting the Bank’s project design and lending instruments to Ethiopia’s changing policy and institutional landscape, particularly in the context of rapid decentralization.

Ethiopia has made significant progress in its development trajectory. To maintain the momentum, the Bank is assisting the country to consolidate the current achievements and support new initiatives aimed at tackling various development challenges, including mobilization of resources for GTP implementation.

Under the current CSP, the Bank Group’s assistance is aimed at creating an enabling environment for broad-based growth and economic transformation. The pillars for this support are: (i) improving access to infrastructure services, especially energy and roads and; (ii) enhancing accountability and access to quality basic services, and improving the country’s business climate.

5.2 Country Strategy Guiding Principles

The preparation of the Bank’s Country Strategy paper for Ethiopia was guided by the following principles:

- Alignment with the GTP;
- Strategic focus and selectivity based on the Bank’s comparative advantage;
- Division of labor among development partners;
- Prioritizing infrastructure, regional integration, governance and private sector development;
- Managing for Results Agenda;
- Greater private sector engagement in ADF countries;
- the East African Regional Integration Strategy; and
- Lessons from the Bank’s country strategies.

5.3 Bank Group Support Pillars

5.3.1 Better Access to Infrastructure

The Bank recognizes that inadequate infrastructure is a major constraint to growth and poverty reduction in Ethiopia. It raises the cost of doing business, erodes competitiveness and constrains access to domestic and foreign markets among others. Cognizant of this, the Bank has committed to support the expansion of access and improved quality of infrastructure services, especially in the transport and energy sectors.

Specifically, the Bank supports the development of major road corridors, particularly trunk roads linking areas with high agricultural potential to markets and promote trade, including regional transport corridors. The objective is to improve connectivity and help diversify the country’s access routes to seaports. The Bank Group complements its lending activities with technical assistance and advisory services to enhance transport and trade facilitation, including harmonization of customs procedures and transit management systems.

To address the inadequate and unreliable power supply faced by the country, the Bank has committed to support Ethiopia’s efforts to harness its vast renewable energy resources through support for investments in power generation and grid expansion. For example, the Bank financed the interconnection of power systems of Ethiopia and Djibouti, strengthening of Ethiopia’s electricity transmission system, and expansion of the power distribution network under the Universal Electricity Access Programme.

At a regional level, the Bank Group is implementing a Regional Integration Strategy Paper (RISP) for East Africa (2011-2015), which serves as a strategic framework for regional operations and aims at developing greater complementarity with country operations, particularly in the area of infrastructure development.
and capacity building. The RISP focuses on development of joint infrastructure programs, financing and implementation; supporting free movement of goods, services and persons across the region; and promoting cooperation in preparing common regional positions and strategies for multilateral and international trade negotiations. Among other benefits, this will lead to a more well-connected, economically prosperous and peaceful region.

5.3.2 Decentralization and Economic Governance

Ethiopia’s federal constitution mandates the regions and Woreda (districts) to deliver basic services. This is consistent with the Government’s decentralization strategy, which seeks to enhance accountability in service delivery by bringing decision-making closer to the citizens. Almost 80 per cent of regional budgetary resources are provided through federal block grants, and more than two-thirds of this amount is earmarked for basic services in the five key sectors of education, health, agriculture, rural roads, water supply and sanitation.

Since 2006, the Bank and other development partners have supported the Government’s efforts to provide decentralized basic services, as well as improve transparency and accountability. This support, through the Promotion (formerly Protection) of Basic Services (PBS) Program, has led to the increase of block grant transfers and this has enhanced the budgetary capacity of Woreda to deliver basic services. The strong progress made in primary school net enrolment, immunization coverage and access to agriculture extension and health workers’ services is partly attributable to the PBS Program. However, budgetary resources are still insufficient to finance sub-national entities to improve the quality of basic services, and local accountability mechanisms also need to be reinforced.
Late Prime Minister Meles Zenawi of Ethiopia and President Ismael Omar Guelleh of Djibouti at the inauguration of Ethio-Djibouti power transmission line on 5 October 2011.
6.1 Ethiopia-Djibouti Electric Power Interconnection Project

Approval Date 2004 and October 2008 (supplementary financing)
Sector Infrastructure
AfDB Financing in (US$) 89.05 million
Status Completed

In 2004, the Bank Group approved a US$ 89.05 million loan to finance the Ethiopia-Djibouti Power Interconnection Project. The major components included the construction of a 283 km, 230kV high-voltage transmission line between the two countries; construction of associated Sub-stations at Dire Dawa and Adigala in Ethiopia, and PK-12 and Ali Sabieh in Djibouti. It also entailed the electrification of twelve (12) border towns in Ethiopia and Djibouti.

The Ethiopia-Djibouti Power Interconnection Project was the first of its kind in Eastern Africa and is of strategic importance to both Ethiopia and Djibouti. It is also the least cost option for addressing the energy constraints in Djibouti. For Ethiopia, besides electrifying the border towns, the project has increased the country’s ability to generate foreign exchange from exports of electricity in order to support the government’s universal electrification program.

In Djibouti, the importation of low cost hydropower from Ethiopia helps to reduce reliance on costly thermal generation, resulting in cost savings and the reduction of greenhouse gas emissions. The interconnection also enables the two systems to support each other during power shortfalls and periods of high demand.

The project is in line with the objectives of the New Partnership for Africa’s Development (NEPAD), which attached importance to development of regional infrastructure projects, which is a key dri-
ver for regional integration and trade competitiveness. It has enabled the two countries to utilize modern technology in transmission systems and the experience of electrical system operation and maintenance by personnel of the two countries. The Project is expected to play a key role in establishing interconnected power systems, and ultimately, increased electricity trade with the countries of the East Africa Power Pool. The interconnection line was energized and power trade between the two countries started in October 2011. Among the project’s key achievements include:

- Foreign exchange revenue for Ethiopian Electric Power Corporation (EEPCo), the power supplier: Currently EEPCo is exporting approximately 0.72GWH energy per day, which is equivalent to 180-300 GWH energy per year. The revenue earnings in foreign currency are estimated in the range of US$ 12–20 million per annum.
- Savings for the off taker, Electricité de Djibouti (EdD), due to avoiding 0.72GWH energy per day from expensive fossil fuel thermal generation; more reliable supply of electricity to consumers; increase in the population’s access to electricity at affordable price; and positive environmental impacts due to displacement of fossil fuel thermal generation.
- Twelve (12) border towns were electrified to give access for the remotely located rural population; and
- Access to electricity in Djibouti increased from 49.5% in 2003 to 55% in 2010, with a target of 60% access by 2015.
- Opportunities for the transfer of know-how to sub-contractors in Djibouti and Ethiopia.
- The transmission line integrated a communication system which is supported by the installation of an Optical Ground Wire with a capacity much higher than that required for the operation of the Interconnector. EEPCo and EdD intend to lease the surplus capacity to the telecommunications sector operators.

The transmission line in Ethiopia passes near Ayesha town where the Government of Ethiopia plans to develop a 120 MW wind farm for power generation. The project will thus make it possible to connect wind power to the grid at substantially reduced cost. Besides promoting the development of clean energy in remote regions of Ethiopia, it will contribute to the viability of the wind farm project by reducing the project cost.

The improved power supply situation in the two countries is contributing to enhanced quality of social services and livelihoods through, for example, the re-allocation of the time previously spent in collecting fuel wood to productive activities such as education.
During the inauguration of this project on 5 October 2011 in Djibouti, the leaders of the two countries provided vivid testimonies on how their collaboration in building this regional power infrastructure can serve as a model of win-win solutions in the region and beyond.

The late Prime Minister of Ethiopia, Meles Zenawi said that his country had potential to meet the energy needs of Djibouti and those of other countries in the region, and that the country has been undertaking massive investments in renewable energy to utilize its potential in the sector. "In addition to the traditional railway link the two countries have had for years, we have planned to extend fiber and microwave connections between the two countries to further promote their bilateral cooperation in various aspects" he added.

President Ismael Omar Guelleh of Djibouti emphasized that "working together by giving due attention to regional economic ties is not an option but a must. The two nations are strengthening their cooperation to utilize their resources to overcome structural challenges in both countries."

The Ethiopia–Djibouti interconnector is providing cheaper, clean and more reliable power supply to Djibouti. Already, the Government of Djibouti has reduced the tariff for the lowest consumption band by 30%. Further reductions are expected for the industrial and commercial sector category to help reduce the cost of doing business and improve the investment climate in country. Djibouti is also displacing its fossil fuel generation capacities, which will have positive impacts on greenhouse gas emissions that contribute to climate change.

**Testimony**

Miheret Debebe, EEPCo Chief Executive Officer, on Ethiopia’s Energy Policy

Ethiopia’s national energy policy emphasizes the need for equitable development of the energy sector in parallel with social and economic development. Specific policy lines with regard to energy include the attainment of self-sufficiency through the development of indigenous resources while ensuring minimum environmental impact and fair distribution of electricity in all regions.

The policy envisages the development of hydro, geothermal, natural gas, coal, wind and solar energy resources based on their techno-economic viability, social and environmental acceptability. The Government of the Federal Democratic Republic of Ethiopia launched the Universal Electricity Access Program with the objective of meeting the growing energy demand of the agricultural, industrial and commercial sectors, rural water supply installations, residential consumptions, education and health sectors.

The Government of Ethiopia continues to work on expanding cooperation with neighboring countries for the mutual benefits of Eastern African Countries in general through integrated development of their power generation and interconnection facilities as well as sound power exchange agreements.

Ethiopia-Djibouti Power Interconnection is the first of its kind for both countries. Not only will it strengthen the existing economic ties of the two sisterly countries of Ethiopia and Djibouti, it also provides a good symbol of Regional Cooperation.

### 6.2 Ethiopia-Kenya Electricity Highway Project

**Approval Date** September 2012

**Sector** Infrastructure

**AfDB Financing in (US$) 224.88 million**

**Status** On going

The Bank’s Board of Directors approved financing for the Ethiopia-Kenya Electricity Highway Project in September 2012. The main objective of the project is to enable power trade within the region by developing the enormous potential for electricity trade in the Eastern Nile countries. The major components include construction of a 1,045 km. High-Voltage 500 kV DC bipolar transmission line between the two countries and erection of associated converter stations at Wolayta-Sodo (Ethiopia) and Suswa (Kenya), with a power transfer capacity of up to 2,000 MW. Upon project completion, which is targeted in 2016, the expected key outcomes are:

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Miheret Debebe
• In Kenya: additional power injected into the national grid will enable the supply of electricity to an additional 870,000 households by 2018, and a cumulative total of 1.4 million additional households by 2022 (of which 18% will be located in the rural areas). Businesses and industries will also benefit, with around 3,100 GWh of additional energy by 2018, increasing to 5,100 GWh by 2022 and avoiding of CO2 emissions.

• In Ethiopia: the increased power trade with Kenya (400 MW of firm imports from Ethiopia in 2016 under the Power Purchase Agreement and increasing up to 2,000 MW by 2028) will secure foreign exchange revenue earnings estimated at US$ 555 million per annum from 2016 onwards.

• In addition, the Ethiopia-Kenya interconnector will implement a new technology of HVDC transmission system for both countries and has major economic benefits in the broader sense of energy exports from Ethiopia, in the medium term, to other countries in the Eastern Africa Power Pool (EAPP) and Southern Africa Power Pool (SAPP).

• The electricity highway will play an important role in the development of electric power exchange in Africa, as it will close a major gap on the high voltage grid within the EAPP since it will ultimately serve as a link for power connection between northern and southern regions of Africa.

• Customized in house and external training will ensure that the operators at the respective power utilities are capable of taking appropriate decisions and measures, both during normal operations and fault cases in the interconnected system. Furthermore, the training provided for operators on monitoring and control of tie line flows with Supervisory Control & Data Acquisition (SCADA) system will ensure high system availability and reliability.

• Replacing thermal generation in a coal power plant with hydro generation saves 1,150 tons CO2 per GWh. When every avoided ton of CO2 is valued at US$ 10, the monetary value of the avoided emissions is equal to 1.15 US cents/kWh. Furthermore, it creates opportunity to monetize the carbon (CO2) emissions reduction by applying for carbon credits.

• The project incorporates installation of Optical-fibre Ground Wire (OPGW) in all new lines. OPGW will therefore be able to supply broadband telecommunication hubs, mobile telephone networks and digital television to population centers and schools along the project influence area. Therefore, the technology provides an opportunity for connecting to the OPGW at minimum cost to operators and users across the line route. Moreover, for communities traversed by the T-Line, there is a potential to access the ICT line hence resulting in cheaper communications, which has further potential benefits such as on-line studying for the nomadic communities of northern Kenya.
• Boost to ICT Connectivity: Ethiopia’s Growth and Transformation Plan intends to expand the on-going all inclusive Universal Telecommunication Access Program by including both urban and rural areas. The targets are to increase internet subscribers from 0.2 million in 2010 to 7.17 million users by 2015; and telephone service coverage within a radius of 5 km from 49% to 90%. Similarly, under Vision 2030, Kenya is developing rural-based ICT networks that are geared to benefit the local populations and supply local schools with ICT terminals as ICT is being integrated into school curriculum in line with the country’s MDGs.

6.3 Mombasa-Nairobi-Addis Ababa Road Corridor (Phase III) – Kenya & Ethiopia

**Approval Date November 2011**  
**Sector** Infrastructure  
**AfDB Financing in (US$) 180 million**  
**Status Ongoing**

The objective of the project is to improve transport communications between Kenya and Ethiopia for the benefit of both countries and the region. In addition to enhancing trade and strengthening regional integration, the project will contribute to poverty reduction in both countries by increasing access to markets and social services for the people living along the corridor. The project will also avail an economically viable alternative outlet to Ethiopia through the sea port of Mombasa.

The civil works component in Ethiopia comprises rehabilitation of 198 km bituminous standard road from Hawassa to Agaremariam, including construction of bridges, execution of drainage structures, road side amenities and environmental and social mitigation measures. For Kenya, the component involves upgrading of Turbi-Moyale (122 km) road to bituminous standard, including construction of bridges, execution of drainage structures, road side amenities and environmental and social mitigation measures. It also includes a link road of 8 km to the town of Sololo.

The road corridor upgrading is expected to contribute to the regional integration process, which is a priority in the programs of the East African Community (EAC), the Inter-Governmental Authority on Development (IGAD), and NEPAD. Upon completion, the corridor will foster the following outcomes:

- Promote regional economic integration by enhancing the development of regional trade between Ethiopia, Kenya and the other COMESA countries;
- Reduce transport costs, and significantly improve the offer of transport services between Ethiopia, Kenya and other countries in the sub-region;
- Integrate Kenya’s Arid and Semi-Arid Lands (ASAL) region with the rest of the country, in the administrative, economic and social context;
- Improve accessibility and mobility to markets and other socio-economic infrastructure for the population in north-eastern region of Kenya and southern region of Ethiopia;
- Spur economic activity between Kenya and Ethiopia and facilitate development of SMEs and trade; and
- Improve security along the corridor.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

Koga: water for agriculture production.
The transport sector is critical to socio-economic development of Ethiopia and this has been recognized in the national development plans. Road transport is the dominant mode and accounts for more than 95% of freight and passenger movements. In 1997, Ethiopia’s road network stood at 26,500 km of very dilapidated roads, prone to washout during the rains, and very difficult to travel even in the best of times.

Under the Road Sector Development Program (RSDP) about USD 8.3 billion has been spent over a period of 15 years (1997-2012) - 25% from donors and 75% from the Government – for construction of about 37,000km of roads. The network now stands at 63,000km. Although it has expanded tremendously over the RSDP, the road network is still limited and hampers the country’s development.

The Bank has supported the Government since the commencement of the RSDP and is currently the third largest development partner in Ethiopia’s transport sector, investing in key rural and inter-city roads. A good example of rural roads is Wacha – Maji road project approved in 2003 and completed in 2012. Wacha-Maji is a 175 km new road reaching areas never before served.

Wacha-Maji Road Upgrading Project

Approval Date  May 2003
Sector Infrastructure
AfDB Financing in (US$) 34.05 million
Status Completed

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with an engineered road. Before construction of the road, the only form of transportation was either by foot, horses or mules. As told by elders, the mountainous nature of terrain was so treacherous that even the animals would be unable to move during the rainy season. A number of patients (and animals) have died during these journeys. Maji zone and its 300,000 inhabitants could as well have been living in another planet! At completion, all this has changed and the following impacts were documented:

- For the first time, a public bus transport reached Maji town in January 2011, even before the road was completed. On 2 February 2013, 100 vehicles including 40 minibuses plied the route, a big achievement.
- Trucks used to charge ETB 2000 (about US$100) on one journey using a rather round-about route to reach Tum. Now it costs less than ETB 100.
- The farm gate price of maize has increased fivefold, while prices of coffee rose threefold and those of fruits and other farm produce increased in a similar fashion largely due to reduced transaction and transport costs. In 2007, the farm gate price of maize was ETB 114/100kg and this increased to ETB 400/100kg in 2011. Likewise, the farm gate price of unprocessed coffee increased from ETB 5/kg in to ETB 15/kg.
- Because of the increased accessibility after completion of project, rural electrification projects have been implemented; mobile telephone towers were built and for the first time Maji is connected to a telecommunications facility. Public health facilities have also started operating.
- Access to agricultural inputs has improved tremendously and farmers can now access fertilizer input markets. Furthermore, woreda agricultural extension workers are now able to access these farmers, thereby helping increase agricultural productivity. As a typical example, the amount of unprocessed coffee sold was 138 tons in 2007 (when there was no road) and this increased threefold to 370 tons in 2011 after the road was opened to traffic in Bachuma.
- Access to large markets has increased small scale trading at village level. This has created gainful employment with improved lifestyles, and also lessened migration of youths to major urban centers.
- Increased access has created wealth. Social life has improved and many lives have been saved because sick and pregnant mothers have smooth access (albeit a 5 hour journey) on a bus to the Mizan hospitals.
- Access has brought in federal and regional administration services to the area and people are now better served and feel part of the larger community.

Irrigation canal.
The huge untapped agricultural potential of the area has now been opened to investors and reports indicate increased large-scale agricultural activities have started to happen.

Testimonies

Ato Adelo Haile and his wife, Kasech Dembo, aged 35 and 30 years, respectively live on a 4-hectare farmland at Backbess kebele with their five children and aged parents to support. They took advantage of a boom in agricultural products following the completion of Wacha-Maji road to increase cultivation of maize, sorghum, teff and coffee on the farm. They also raise cattle and use fertilizer. To meet demands and better their lives, they have increased the cultivated area from one to three hectares.

- Sales jumped from 1-2 quintals to 8-10 quintals per season (1 quintal = 100 kg)
- Farm gate price of red teff rose from ETB 170 per quintal to ETB 1000 per quintal; and
- Farm gate price of maize rose from ETB 70 to 250 per quintal.

The family has built a new house with corrugated iron sheets roof and added petty trading to their business. They can access health services and even visit nearby towns for business transactions. Three of their children now go to school. Ato Haile summed up the family’s new situation in these words:

“This road is an infinite blessing. It has solved most of our problems. The horses and mules can now have some rest. Pregnant women no longer die on our roads on their way to maternity clinics for lack of transport.”

An older compatriot, Ato Badege Tesfaye from Bachuma recalled the hard times:

“I used to travel Maji on foot carrying cereals on my head and also over a distance of 100 km which took 5 days from Bachuma. I also used to go to Chena/Wacha which is about 60 km from Bachuma carrying goods on my head.”
Women, Key Actors in rural economy.
8.1 Rural Water Supply and Sanitation Program

**Approval Date** December 2005  
**Sector** Water and Sanitation  
**AfDB Financing in (US $)** 65.4 Million  
**Status** Substantially completed and closing in December 2013

The RWSS Program is comprised of 3 components (i) Provision of new and rehabilitation of existing water supply facilities; provision of latrine facilities to schools, health centers, communal latrines in crowded settlement areas and demonstration latrines for association; (ii) Capacity building component for community sensitization, awareness raising, training in water supply and sanitation management, operation and maintenance; and (iii) Program support at the federal and regional government level institutions and for communities in the form of equipment.

So far, the Bank supported components of the Program has delivered the following outputs:

- 4,203 water supply schemes constructed;
- an estimated 1.6 million people have access to safe water supply and sanitation facilities;
- the burden of fetching water in the rural communities is reduced;
- capacity building at all levels with active involvement of private sector through the newly established Woreda Support Groups, Community Facilitation Teams and Technical Service Providers;
- training provided for the coordination unit staff of the Federal Ministry of Water and Energy, Ministry of Health and the 9 Regional Bureaus of water, health and other stakeholders; and for operation and maintenance, spring development and hand dug well construction;
- an integrated water supply, hygiene and sanitation activities (WaSH) strategic plan developed for 125 Woredas; and
- Increased awareness of the importance of hygiene and sanitation services in the targeted communities.
8.2 Harar Water Supply and Sanitation Project

Approval Date June 2003
Sector Water and Sanitation
AfDB Financing in (US$) 30.46 million
Status Completed

Harar was the first town in Ethiopia to have a piped water supply system and is a UNESCO World Heritage Site. The inadequate supply and poor water quality led to an increase in water-related diseases, deterioration in health and a stagnation of economic development in Harar. In September 2002, the Bank intervened in response to the Ethiopian government’s quest for a durable solution to the life-threatening water supply situation following the drying up of Lake Alemaya.

The objective of the project was to improve access to water supply and sanitation services through water production, distribution and sanitation for improved health, poverty alleviation and economic growth in Harar, and the nearby towns of Haromaya (Alemaya), Aweday, Adele and Dengego. The project components included water production, transmission line, distribution network, supply and installation of electro-mechanical works and capacity building for Harar Town Water & Sewerage Authority.

The project is completed and fully operational, providing adequate water to the city of Harar and adjacent towns with an estimated beneficiary population of 250,000, including Haromaya University. The design also included a sanitation study and public awareness campaigns on HIV/AIDS and the linkages between water, hygienic sanitation practices and good health. Women are closely involved in the management of the 47 community managed water points provided under the project.

The outcomes included institutional capacity building for utility management; improved customer data base; regular monthly billing; and improved (90%) revenue collection; regular water supply and reduction of Unaccounted for Water from 40% to 15%.
Testimonies

Teshome Ayele
Manager, Ras Hotel

The availability of water has led to an upsurge in the number of tourists visiting Harar. Water has been the most difficult challenge to manage in serving our clients. Trying to get water from boreholes was not very helpful because it was very expensive and the water was not always suitable. We got water once a week or once every three days, and had to ration it mostly for our clients to bathe in the mornings. We could only use water from the wells to clean the rooms but our clients complained about it. We always managed to serve few desperate guests but the hospitality industry was in a real mess in the city. These problems have been solved thanks to our government and the support from development partners, especially the African Development Bank. We are indeed grateful for their support.

Aisha Ahmad, Chairperson
Water Supply Committee, Haseliso

This situation is now better thanks to the water supply project. The Harar water problem started around 20 years ago. Various projects intended to solve the problem proved too expensive and were rejected. Regular contributions from the communities in cash and kind will make the project sustainable.

Aliya Hali
a middle-aged woman
in the Walled old City

Previously, we managed to get water once in a month. When that happened we went to the market to buy water for 30 cents for a 20-litre jerry-can, and one birr to the person who brought the water home. The source of the water was Alemaya (Lake). Then it dried up and created a lot of problems. Now things are much better. We get water twice a week with the opportunity to collect more and store for use when the taps do not run.

Asha Ibrahim Leshi
another Matriarch in the old city

In the past, there used to be trees and springs. Now there are too many people and the trees have disappeared. The land refuses to give water because it does not find trees. We are now replanting trees and this will help replenish the water table.
Agriculture is the backbone of Ethiopia’s economy, accounting for 46% of GDP, 85% of total employment and 90% of export earnings. In addition, the country is endowed with immense irrigation potential, estimated at 3.73 million hectares. However, only 186,500 hectares or 4.3% is developed, accounting for 3% of total food production. This comprises 86,500 hectares of small-scale irrigation and about 100,000 hectares under medium and large-scale irrigation. Ethiopia also suffers from repeated cycles of drought and famine. Coupled with an increasing population - 85 million, growing at 2.6% - this implies the need to increase prime irrigable land in order to enhance food security.

To assist the country address the challenges of frequent droughts and food shortages, as well as improve agriculture production, and ultimately contribute towards poverty reduction, the Bank Group supported the Koga Irrigation and Watershed Management Project. This project emerged from the Food and Agricultural Organisation (FAO), Water Resources Development
Authority and AfDB studies, which identified the need to establish improved sustainable farming systems in the country’s central highlands in order to increase food production.

The project is located within the Koga Basin in the Amhara Regional State’s Mecha woreda. It harnesses the Koga river water resources to irrigate 7,000 hectares of farmland as well as improve rain-fed agriculture, forestry, livestock, soil conservation, water and sanitation within a 22,000 hectares catchment area. The project covers Mecha Woreda, comprised of 19 Kebeles (wards) with about 12,000 households, the majority of whom depend on farming for their livelihood. The average farm size varies from 2.6 hectares in the upper part of the area to 2.1 hectares in the irrigated area. Many of the households are already benefitting from the scheme, which covers a 19.7 km canal.

The construction of a 77 million m³ water reservoir for the irrigation of 7,000 hectares has contributed an additional production of 15,000 metric tons of maize; 24,000 metric tons of potatoes; 18,000 metric tons of onions; and 5,400 metric tons of wheat.

Management of the watershed, efficient and effective rain-fed conservation farming have been implemented in the catchment area. As a result, the annual average household earnings have risen from ETB 2,800 to ETB 5,400. In addition, soil losses have been reduced by 50%.

In addition, over 8,500 farmers have benefitted from capacity building activities, 15 staff members have been trained up to Master’s Degree level while 33 others have received short-term training.

Agricultural extension services are being strengthened to effectively promote the use of appropriate technologies. Research work is being reinforced to develop irrigation agronomy. Soil conser-
vation is also being addressed, along with the health conditions of the farmers themselves.

The project also provided funds for activities in health care and sanitation associated with water-borne diseases and HIV/AIDS awareness. The capacity development component focuses on teamwork at the local, regional and federal levels.

**Testimonies**

**Kassa Muchje,**
**Koga Farmer**

I live in the neighborhood of the Kudmi Kebele. Yes, I do the farming and cover expenses for fertilizer and seed. We used to grow only millet in the past. Now, with the irrigation scheme, we have added wheat and potatoes during the dry season farming.

**Getenet Genene**
**Farmer Kudemi Kebele**

I now cultivate millet, wheat and potato. The results are encouraging since this irrigation started. I do not think I would have carried on without this irrigation scheme.

**Maya Ayele**
**Female Farmer**

I mostly work with children. We were dependent on the rain but now I am able to farm during the dry season. We grow more crops and make good harvests since we started using this irrigation system. I now grow onions, wheat, cabbages, potatoes and tomatoes.

### 9.2 Agricultural Sector Support Project (ASSP)

**Approval Date** November 2003
**Sector** Agriculture and Rural Development
**AfDB Financing in (US) $** 31.84 million
**Status** Substantially completed and closing in June 2013

The ASSP project seeks to improve rural livelihoods and food security through promotion of small-scale irrigation, water-harvesting techniques and integrated ecosystem management. The project has five main components: (i) Small Scale Irrigation Development (SSI); (ii) Rain Water Harvesting; (iii) Crop Development and Marketing; (iv) Integrated Watershed Management; and (v) Capacity Building and Institutional Development.

To date, the project has delivered the following outputs:

- Small Scale Irrigation Development, including development of 7,509 hectares on 59 sites benefiting over 28,000 households directly; with an estimated incremental income of ETB 5,000 per annum;
- Cumulative 77,940 tons of various crops produced;
- 15,152 ha protected through Community-led watershed management;
- 3,060 water ponds constructed for human and livestock water consumption, and for backyard vegetable garden production;
- 52 out of 75 (69%) Small Scale Irrigation Schemes have been completed and the remaining schemes are expected to be completed before the project winds up in June 2013. The schemes can irrigate about 10,254 hectares and benefit 32,000 food insecure households;
- More than 40 watershed management areas have been protected and treated with physical and biological measures through community mobilization;
- Landless youth and women in the surrounding areas have been supported with alternative income generating activities such as small ruminant production, bee keeping, seedling production and selling and improved fuel stove production;
- 665 micro watershed and 3,060 water ponds have been constructed under the water harvesting component for human and livestock consumption, and backyard vegetable gardening; and
• 6,000 government staff and 64,000 farmers have been trained and capacity of public institutions strengthened.

Testimony
The presence of healthy crops such as banana, papaya and green vegetables including khat on irrigated farmlands was a sight to behold. The involvement of groups of men and women farmers in building canals and channeling water flow into the farms gives a sense of ownership and determination to succeed. Finally, artisanal bee-keeping in dug-out tree trunks hung on trees testifies to the innovative insight of the farmers, in SSI scheme located in Harar region.

Fikya Ibrahim
Female Farmer
I am a farmer in this irrigation area.
We are privileged to get access to water supply, thanks to the support from the Ethiopian government and the African Development Bank.

We have been told that the drought was mainly due to the fact that we had cut trees that protected the lake. But the water
volume has now increased remarkably, and we are hoping to increase our farming. For some of us, it is the beginning of a new life.

Now, with this irrigation, I have started to earn close to ETB 10,000 from growing khat. I also generate income from millet, maize and a variety of cereals. I have a plan to grow pepper in the future.

I was a trader. Then, I started to observe some women engaged in farming and becoming successful, and then I decided to be a farmer by using the farmland owned by my family. Actually, the irrigation system gave me a good opportunity.

We have changed a lot! We can grow what we eat in our backyards. We are hoping that the road construction will even make our lives better.
Growing wheat.
The Promoting (formerly Protecting) Basic Services (PBS) is a multi-donor supported Program started in 2007 to support good governance and basic services delivery at local level. Through PBS, the Development Partners have provided extensive support for the regions and woredas to meet their recurrent costs in 5 key sectors through block grants and Woreda-focused capacity building. The block grants have enabled the improvements in decentralized basic service provision and contribute to the achievement of many MDG targets.

PBS has supported Woredas to meet recurrent costs for primary school teachers, health and agriculture extension workers, water and sanitation staff, and road sector officers. The Program has also helped strengthen transparency and accountability, public financial management, and achieve development results on the ground. It has promoted enhanced citizen engagement in decision-making regarding basic services provision.

The Program objective is to contribute to poverty reduction and improving the population’s standard of living by expanding access and improving the quality of decentralized basic delivery in education, health, agriculture, rural water supply and sanitation,
and rural roads. The PBS Program also seeks to enhance local accountability and transparency in basic services delivery.

PBS III, like its predecessors, is a multi-donor supported program with two main components:

(i) Block Grants: focuses on expanding access and improving the quality of decentralized basic services in education, health, agriculture, water supply and sanitation and rural roads by contributing to block grants and;

(ii) Strengthened local accountability and Transparency systems: support improved financial transparency and accountability systems and social accountability at the decentralized level through four sub-components: (a) Public Financial Management (PFM); (b) Citizens’ engagement at the sub-national level; (c) managing for results; and (d) Results Enhancement Fund.

The PBS Program is expected to contribute to the following outcomes:

(i) primary school completion rate increase from 49.4% in 2011 to 64% by 2015;
(ii) maternal mortality ratio down from 470 to 367;
(iii) agricultural productivity increased from 15 quintal per hectare to 20;
(iv) average time to reach all-weather roads reduced from 4.5 hours to 1.6 hours;
(v) access to potable water supply increased from 71.3% to 92%;
(vi) budget and financial reports generated using IBEX increased by 300;
(vii) increased external audit coverage at woreda level from 24% to 40%;
(viii) procurement performance and compliance audits rolled out in 50% of woredas;
(ix) citizens informed about woreda budget increased from 19% to 23%, and;
(x) citizens who report that woreda officials have sought the views of people on improving quality of basic services increased to 50% from 48%.
Going to collect water.
Suppressing Tsetse flies and Trypanosomiasis disease.
Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa

**Approval Date** December 2004  
**AfDB Financing in (U$) 85.39 million**  
**Status** On going

At the 36th Ordinary Summit of the African Heads of State and Government held in Lomé, Togo, in July 2000, Decision AHG/Dec. 156 (XXXVI), urging Member States to act collectively to embark on a Pan African Tsetse and Trypanosomiasis Eradication Campaign (PATTEC) was unanimously adopted. Within the framework of this decision, the African Union Commission was assigned the task of guiding and coordinating activities for implementation of this decision, including creating awareness, mobilizing commitment, generating support and generally ensuring that the actions necessary to expedite the eradication of tsetse and trypanosomiasis from Africa is sustained.

Following an agreement between the African Development Bank, selected affected countries and the African Union Commission, the Bank agreed to participate in the implementation of the PATTEC initiative by providing financial support to 6 affected countries and the PATTEC coordination office under the first phase of the “Creation of Sustainable Tsetse and Trypanosomiasis Free Areas in East and West Africa”.

Increased cattle population as T & T suppression progresses.
The Bank provided US$ 85.39 million through an ADF loan (US$ 66.80 million) and ADF Grant (US$ 4.41 million) to the six countries, namely Burkina Faso, Mali, Ghana, Ethiopia, Uganda and Kenya. The executing agencies in these countries are Government Ministries and/or Departments mandated to address the problem of Tsetse and Trypanosomiosis (T&T).

The multinational project aimed to free infested areas from T&T and thereby enable an increase in production of crops and livestock in the project area. The beneficiaries of the project in these countries are farmers and institutions involved in training, eradication of tsetse and trypanosomiasis. Ethiopia received a loan of US$ 14.32 million and a grant of US$ 2.525 million.

The affected countries, including Ethiopia, have benefitted from the following interrelated components: (i) Tsetse Suppression & Eradication; (ii) Capacity Building; (iii) Sustainable Land Management; and (iv) Coordination and Management. The AU-PATTEC Coordination Office supervised and monitored the implementation of the project.

To date, about US$ 158 million, including the loan and grant provided by the Bank, has been invested by 15 affected countries. Partners and other stakeholders including international and regional Organizations; research and institutions of higher learning and donors/lending institutions/the private sector are supporting affected countries and institutions working on T&T at bilateral and/or multinational levels.

The benefits obtained from the implementation of the Multinational Project in Ethiopia are many. For instance, an important T&T affected area in Southern Rift Valley of Ethiopia has been liberated. Through the application of an integrated area wide approach, the intensive suppression activities supported by the project have yielded significant impacts with Tsetse fly density per trap per day declined from 20 to low of 0.60 while the disease prevalence/infection rate reduced from 5.00 to 0.98. The tsetse freed areas are sustainably used for agriculture, livestock, etc. and healthy animal are used for draught power and transport in an area, where the presence of animals was impossible few years ago.
The income of the communities has increased and the desire to create more T&T free areas is increasing. The local communities have been trained to participate effectively in the project. The capacity of the Insectary also strengthened through provision of wide range of laboratory equipment, furniture and consumables. Part of the loan also used to strengthen the capacity of government staff, community leaders, and farmers and agro-pastoralists.

Under this project, Ethiopia has built the first and most important tsetse mass rearing facility in Kality in the suburbs of Addis Ababa, where tsetse flies will be reared and the sterile males released in the wild where tsetse flies have been suppressed to an acceptable level for them to compete for mating and subsequently sterilization of the wild female to contribute in the long term goal to the eradication of the flies in some areas. The Bank’s loan to Ethiopia has been used to purchase an industrial irradiator for use to sterile male flies and also the blood; which is the main diet of the dreaded tsetse flies.

Ethiopia has been used by AU-PATTEC Coordination Office to showcase the benefits of the project as well as the use of all techniques used to suppress Tsetse including; traps and targets, poor-on, ground spraying and aerial spraying (Sequential Aerosol Technique (SAT) and sterile Insect Technique (SIT)).
Marching on the farm.
On behalf of the Ethiopia Country Office (ETFO) of the African Development Bank, I am pleased to welcome you to enjoy this publication, which is prepared jointly with the Bank’s External Relations and Communication Unit (ERCU) to showcase the partnership between the Bank and Ethiopia. We hope that the projects and programs highlighted, and testimonies provided by the beneficiaries, demonstrate the tangible impact that these operations are having on the lives of people in Ethiopia, and in some instances, the neighboring countries.

In recent years, we have witnessed new operations showing enhanced readiness for implementation by the time of Board approval. This is helping to speed up implementation progress and timely delivery of the expected outputs and development benefits from these operations.

The Bank’s interventions are bringing development results to the country. For instance, the Promoting Basic Services Program is contributing to the Government’s efforts to enhance transparency and accountability in delivery of basic services at decentralized government levels. The projects are also assisting to expand access to infrastructure services in the water, roads and energy sectors as well as building the resilience of communities to drought and climate change. Moreover, the Bank supported operations in the infrastructure sector are helping to reduce the cost of doing business, which contributes towards Ethiopia’s enhanced competitiveness, as well as economic integration with the neighboring countries, through the strategic and transformative multinational energy and road corridor projects.

Since it became operational among the first batch of country offices re-established by the Bank in 2001, ETFO has strived to play a catalytic role in strengthening the Bank’s development cooperation with Ethiopia. This is reflected in the quality of policy dialogue with the Government and other stakeholders that is increasingly informed by knowledge products. It is also reflected in improved portfolio performance and quality, with the resultant development benefits accruing from the operations supported.

Over the years, ETFO has also played a greater role in aid coordination activities, in line with commitments that the Bank and other partners have made under the Paris Declaration. In its current role as co-chair of the Development Assistance Group (DAG) Heads of Agency, active participation in Sector and Technical Working Groups, as well as other donor coordination platforms, the Bank is strengthening its partnerships with other donors to enhance harmonization, managing for results, and development effectiveness of our individual and joint interventions.

Clearly, ETFO’s continued effectiveness will be crucial for sustaining the development impact of Bank Group operations in Ethiopia. With the impetus provided by the increased staffing resources and greater delegation of authority under the Enhanced Decentralization Strategy, we are confident that these will provide the necessary tools and flexibility to enhance the Bank’s responsiveness to meet the evolving needs of our clients.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

Annex
### Ethiopia - AfDB On-Going Operations

#### Cumulative Disbursements as at 30 April 2013

<table>
<thead>
<tr>
<th>Ser. No.</th>
<th>Project/Study</th>
<th>Loan/Grant No.</th>
<th>Source</th>
<th>Approval Date</th>
<th>Date Signed</th>
<th>Effective Date</th>
<th>Closing Date</th>
<th>Net Loan/Grant Amount</th>
<th>Cumulative Disb. Amount (30 April 2013)</th>
<th>Cumulative Disb. Ratio</th>
<th>Undisbursed balance (UA)</th>
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</thead>
<tbody>
<tr>
<td><strong>AGRICULTURE SECTOR</strong></td>
<td></td>
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<td>1</td>
<td>Agriculture Sector Support Project</td>
<td>2100150007327</td>
<td>LOAN</td>
<td>05-nov-03</td>
<td>12-fev-04</td>
<td>21-mars-05</td>
<td>30-jun-13</td>
<td>21 240 000</td>
<td>15 235 633</td>
<td>71,75%</td>
<td>6 004 367</td>
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<td>2</td>
<td>Creation of Sustainable Tse tse and Trypanosomiasis-free areas in Ethiopia</td>
<td>2100150009198</td>
<td>LOAN</td>
<td>08-déc-04</td>
<td>16-mai-05</td>
<td>23-janv-07</td>
<td>15-déc-13</td>
<td>9 550 000</td>
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<td><strong>TRANSPORT SECTOR</strong></td>
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<td>3</td>
<td>Jimma-Mizan Road Project</td>
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<td>LOAN</td>
<td>13-déc-06</td>
<td>12-janv-07</td>
<td>03-oct-07</td>
<td>31-déc-14</td>
<td>65 000 000</td>
<td>41 686 223</td>
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<td>4</td>
<td>Bedele-Metu Road Upgrading</td>
<td>2100150025495</td>
<td>LOAN</td>
<td>30-nov-11</td>
<td>02-fev-12</td>
<td>01-avr-12</td>
<td>31-déc-16</td>
<td>41 080 000</td>
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<td>Rural Electricity II Project</td>
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<td>LOAN</td>
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<td>12-janv-07</td>
<td>02-nov-08</td>
<td>31-déc-13</td>
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<td>6</td>
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<td>20-déc-10</td>
<td>19-août-11</td>
<td>31-déc-15</td>
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</tr>
<tr>
<td>7</td>
<td>Rural Water Supply and Sanitation Project</td>
<td>2100150006269</td>
<td>GRANT</td>
<td>21-déc-05</td>
<td>25-fév-06</td>
<td>01-sept-06</td>
<td>31-déc-13</td>
<td>43 610 000</td>
<td>37 288 618</td>
<td>85,50%</td>
<td>6 321 382</td>
</tr>
<tr>
<td>8</td>
<td>Creation of Sustainable Tse tse and Trypanosomiasis-Free Areas in East and West Africa: PATTEC-AU COMPONENT</td>
<td>2100150003922</td>
<td>GRANT</td>
<td>08-déc-04</td>
<td>16-mars-05</td>
<td>14-oct-05</td>
<td>30-jun-12</td>
<td>1 371 028</td>
<td>1 371 028</td>
<td>100%</td>
<td>0,00%</td>
</tr>
<tr>
<td>9</td>
<td>Mombasa-Nairobi-Addis Ababa -Ageraman -Yabelo Road Project (Phase II)</td>
<td>2100150020743</td>
<td>LOAN</td>
<td>01-jul-09</td>
<td>15-янв-10</td>
<td>06-avr-11</td>
<td>31-déc-15</td>
<td>85 000 000</td>
<td>20 015 047</td>
<td>23,55%</td>
<td>64 984 953</td>
</tr>
<tr>
<td>10</td>
<td>Ethiopia-Kenya Electric Highway Project</td>
<td>2100150027844</td>
<td>LOAN</td>
<td>27-août-12</td>
<td>05-déc-12</td>
<td>not yet</td>
<td>31-déc-17</td>
<td>150 000 000</td>
<td>-</td>
<td>0,00%</td>
<td>150 000 000</td>
</tr>
<tr>
<td><strong>TOTAL Multi National</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>340 000 000</td>
<td>36 098 968</td>
<td>10,79%</td>
<td>303 301 034</td>
<td>1 740 000</td>
<td>1 522 345</td>
<td>87,49%</td>
<td>217 655</td>
<td>341 740 000</td>
<td>38 221 311</td>
<td>88,82%</td>
<td>303 518 690</td>
</tr>
</tbody>
</table>

**PRIVATE SECTOR (2008-2013)**

<table>
<thead>
<tr>
<th>Ser. No.</th>
<th>Project/Study</th>
<th>Loan/Grant No.</th>
<th>Source</th>
<th>Approval Date</th>
<th>Date Signed</th>
<th>Effective Date</th>
<th>Initial Closing Date</th>
<th>USD</th>
<th>Cumulative Disbursements</th>
<th>Cumulative Disb. Ratio</th>
<th>Undisbursed balance (UA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Derba MIDROC-Cement Factory</td>
<td>2000120001619</td>
<td>LOAN</td>
<td>16-avr-08</td>
<td>26-juin-08</td>
<td>23-juin-08</td>
<td>31-déc-11</td>
<td>55 000 000</td>
<td>55 000 000</td>
<td>100%</td>
<td>-</td>
</tr>
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<td>2</td>
<td>Ethiopian Air Lines</td>
<td>2000120001620</td>
<td>LOAN</td>
<td>23-mars-11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>40 000 000</td>
<td>38 670 764</td>
<td>97%</td>
<td>1 329 236</td>
</tr>
</tbody>
</table>

Total
A Koga Dam beneficiary.

TT suppression activities.

ED Muduuli and Senior Adviser Mulu Ketsela site visit to a bank funded road project.

Late Prime Minister Meles Zenawi of Ethiopia and President Ismael Omar Guelleh of Djibouti at the inauguration of Ethio-Djibouti power transmission line.

ETFO Saff Retreat in 2013.
A FDB AND ETHIOPIA PARTNERING FOR INCLUSIVE GROWTH

GTP Annual Progress Review Meeting 2013 with Minister of Finance and team.

Bushera Mohamed Dire Dawa power sub-station official.

ETFO Offices in Addis Ababa.

Ahmed Mohamed Project Coordinator Harar Water Supply and Sanitation Project.

Relief food supplies to victims of drought in Somali region of Ethiopia.

Water and Sanitation - Testimony.