

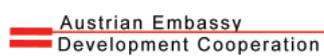


DAG

Development Assistance Group ETHIOPIA



Annual Report 2005



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Partnership between the Government of Ethiopia and the Development Assistance Group

The Government of Ethiopia has adopted the Poverty Reduction Strategy (PRS) as its medium term framework to achieve the Millennium Development Goals (MDGs) and end poverty within the country.

The Development Assistance Group (DAG) support to the implementation, monitoring and evaluation of the first Ethiopian PRS called "Sustainable Development and Poverty Reduction Programme (SDPRP)" (2003-2005) and the preparations for the second PRS called "A Plan for Accelerated and Sustained Development to End Poverty (PASDEP)" (2006-2010) have been financed from the DAG Pooled Fund.

Throughout the SDPRP cycle, the fund has been instrumental in promoting initiatives to ensure greater national ownership of the SDPRP and national policies as well as alignment with the MDGs. Supported initiatives during 2005 include the implementation and review of the SDPRP, the MDG Needs Assessment exercise, Participatory Poverty Assessment (PPA), Citizen Report Card and Older People's Poverty Monitoring Project. Support was also provided to the PASDEP, through technical assistance to the preparation of the draft document, Policy Matrix and consultation process, which ensured a high level of national ownership throughout.

Continued support was also provided to the strengthening of the Central Statistical Authority (CSA) and the Welfare Monitoring Unit (WMU), MoFED to ensure comprehensive and fact based monitoring and evaluation of the SDPRP, and in future, the PASDEP. The importance of reliable data was given high priority by both the Government and the DAG during 2005 and will continue to be one of the main areas of support from the DAG Pooled Fund.

Other initiatives supported by the DAG Pooled Fund include promotion of the harmonization agenda through the Aid Management Platform (AMP), participation of the Government and the DAG in the Paris High Level Forum on Aid Effectiveness, as well as the development of a draft Declaration on Harmonization, Alignment and Aid Effectiveness.

While recognizing that 2005 was a challenging year, we remain confident that the conducive partnership and dialogue that have characterized the collaboration between the Government and the DAG will continue during the implementation of the PASDEP to ensure the attainment of the MDGs.

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State Minister, Ministry of
Finance
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Chair SDPRP

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WB Country Director

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UNDP Resident and UN
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Executive Summary

This report summarizes the activities supported under the Pooled Fund of the Development Assistance Group (DAG) during the period from January to December 2005. The DAG supports the implementation of Ethiopia's Poverty Reduction Strategy Papers (PRSPs), of which the first was called the "Sustainable Development and Poverty Reduction Programme" (SDPRP) and the second, "Plan for Accelerated and Sustained Development to End Poverty" (PASDEP), is expected to be finalized in May 2006. The DAG channels the financial component of this support through the DAG Pooled Fund, which is managed and administered by UNDP on behalf of the contributing DAG members. The year under review was the third and final year of implementation of the SDPRP and the fourth year of DAG Pooled Fund operations.

The year was characterized by major events, such as: the review of the implementation of the SDPRP, preparations for PASDEP, the May 2005 Federal and Regional Election, and its aftermath following the election. The situation after the election influenced the work of the DAG and the second half of the year included reviews and discussions within the DAG on how best to continue to support Ethiopia in its efforts to achieve the targets set out in the SDPRP/PASDEP and the Millennium Development Goals (MDGs).

The activities of the DAG Pooled Fund were focused on financial support for:

- Monitoring and evaluating the SDPRP,
- Preparations for the PASDEP,
- Follow-up to the Paris Declaration on Harmonization, Alignment and Aid Effectiveness,
- Supporting education and private sector development and trade, and
- Adopting a harmonized approach to cross-cutting issues such as gender and good governance.

Monitoring and evaluation activities concentrated on building capacity and managing, collecting and analyzing data, as outlined in the Project on "Strengthening Data Collection and Dissemination on Poverty Monitoring and the Millennium Development Goals" and implemented through the Central Statistical Authority (CSA) and the Welfare Monitoring Unit (WMU) in the Ministry of Finance and Economic Development (MoFED). It also included support to the involvement of civil society organizations (CSOs) in national processes, including initiatives such as the Participatory Poverty Assessment (PPA), the Citizen Report Card, Older People's Poverty Monitoring Project and the consultations on the SDPRP and preparations for the PASDEP. DAG support to the preparations for the PASDEP included: participation in the review of the SDPRP; preparing the DAG Policy Note and draft Policy Matrix; and consolidated DAG comments and consultations with the Government on the draft PASDEP document and Policy Matrix.

In the area of harmonization, a draft Declaration on Harmonization, Alignment and Aid Effectiveness was prepared and presented to the Government. The consultations on this draft Declaration will continue in 2006, as both the DAG and the Government are keen to confirm their support to the harmonization agenda, following Ethiopia's participation in the OECD-DAC High Level Forum on Aid Effectiveness in Paris in early 2005.



Financial support to developing the Education Sector included supporting an annual review meeting, preparation for a national strategy on girls' education, research to support the Government's strategy for 13 new universities to be opened in Ethiopia, technical assistance for developing financial manuals, and assessing the availability of textbooks, among many initiatives.

With regard to Private Sector Development and Trade, the Pooled Fund financed technical support to the Government's Integrated Institutional & Export Development Programme (IIEDP). Strategic studies were conducted, which served as input to the overall objective of increasing Ethiopia's exports and transforming the Ethiopian Export Promotion Department (EPPD) of the Ministry of Trade and Industry into an efficient and effective business support organization.

Governance, within the framework of the PASDEP, was high on the agenda of the DAG and its TWG on Governance during the year. A Governance Advisor was contracted to provide strategic support to the TWG and DAG as well as to develop a strategy to guide the future work of the DAG on governance. Other initiatives included a scoping mission of the Regional and Federal Parliaments.

The year 2005 was challenging for the DAG and its relationship with the Government, but the DAG's commitment to continued support to national processes, such as the PASDEP and the MDGs, remained strong. There were some interruptions in the dialogue with the Government and the DAG consultations and partnership structure with the Government, including the High Level Forums (HLFs), need to be revitalized in 2006. Despite these challenges, many positive results have been achieved, among them the review of the SDPRP, the preparations for the PASDEP and the MDGs Needs Assessment, with inputs from a range of stakeholders including CSOs and private sector.

Under the guidance of the DAG Co-Chairs and the Excom, the DAG Secretariat, housed in UNDP, provided coordination and facilitation support, and ensured smooth information-sharing to the DAG Heads of Agencies and the TWGs. The DAG Secretariat has also been responsible for the day-to-day operations of DAG support channelled through the Pooled Fund.

1 SDPRP Implementation: Activities and Results Achieved

As per the defined objectives of the programme¹ and with the continued guidance of the DAG, the Pooled Fund channelled support to Government and civil society partners for a range of strategic activities that contributed to the enabling environment for successful implementation of the SDPRP and progress towards the MDGs.

1.1. SDPRP Monitoring and Evaluation

The project on “Strengthening Data Collection and Dissemination on Poverty Monitoring and the Millennium Development Goals” was launched in 2004. Within the framework of the project, a Memorandum of Understanding (MOU) was signed by contributing DAG members, the Central Statistical Authority (CSA) and the Welfare Monitoring Unit (WMU), part of the Ministry of Finance and Economic Development (MoFED). The project has a five-year timeframe, 2004-2008, with a total donor budget share of USD8.04 million. The major support activities include: statistical work, including the Household Income, Consumption and Expenditure Survey (HICES) and the Welfare Monitoring Survey (WMS); research, data storage and dissemination; and capacity-building for the CSA and WMU. The monitoring and evaluation component of the Pooled Fund also includes support to the involvement of civil society in monitoring and evaluation activities.

Household Income, Consumption and Expenditure Survey (HICES)

The second round of data collection was conducted in January and February 2005 and the CSA is finalizing the data processing and cleaning. The WMU is expected to undertake the data analysis in early 2006 as an input to the PASDEP. This analysis will provide important information on poverty levels in Ethiopia and the progress achieved during the implementation of the SDPRP. It will also serve as a baseline for monitoring and evaluation of the PASDEP implementation.

Welfare Monitoring Survey (WMS)

The results of the WMS, conducted in June-July 2004, were published and disseminated on compact disk (CD) in 2005. The data has been used by the WMU as part of its preparations for the PASDEP and will also provide important input to further analysis on poverty, once the results of the HICES are released and a comparison of results is possible.

Progress with Data Storage and Dissemination Strategy

An ICT department has been established within the CSA as part of the Central Databank project. This has been equipped with servers (computers), telecommunications equipment, software and multi-media components, which has resulted in an improved infrastructure. Capacity has been built in electronic data dissemination. A first version of the CSA website (www.csa.gov.et) was launched in August 2005 and the website will be enhanced in 2006 with more interactive user services and the web version of the EthioInfo database. The latter is a user-friendly database to monitor the progress towards the MDGs. The database is currently available in a CD version that contains, among others, indicators from the WMS 1996, 1998, 2000 and 2004, and the HICES 1996 and 2000. During 2005, CSA staff also received other technical support and training related to the Central Databank. Data archiving is progressing well and the Databank



contains 5,000 data and documents files covering about 60 surveys. A number of the surveys stored in the Databank have also been made available on CD for CSA internal use.

During 2006 the Pooled Fund will continue to focus on support for improving the Central Databank content and quality and seeking to integrate the Central Databank activities into the daily operations of CSA. It will provide continued support to dissemination through the production of multi-media products and web-based access to information in connection with the improvement of the website functionalities and user services. Activities related to Geographic Information Systems (GIS) will be high priority in 2006 and will contribute to the preparations for the national population census, planned for 2007.

CSA Capacity Building

Building capacity at the CSA has been identified as an important part of the support to monitoring and evaluation capacity in Ethiopia. In the long term this would strengthen data collection, data management and dissemination, and so contribute to the strengthening of the monitoring and evaluation of the SDPRP and, in future, the PASDEP. A request for funding postgraduate training of ten CSA staff members in the areas of economics, computer science and statistics was forwarded to the DAG, based on an internal review of the human resource needs. Accordingly, five students were enrolled at the University of Botswana in August 2005 and enrolment has been facilitated for the other five at universities in South Africa, as of February 2006. The ten students will attend two-year postgraduate programmes and are expected to return to CSA in 2007 and 2008 respectively. Support has also been provided for CSA staff to attend short-term training and workshops, as requested by the CSA management.

Welfare Monitoring Unit (WMU)

The disbursement of funds to the WMU in 2005 has been concentrated on the preparations for the PASDEP, through support to consultants working on the document and the Policy Matrix. Support has also been provided to the finalization of the Participatory Poverty Assessment (PPA), which was launched in 2004 and conducted in 45 sites in Ethiopia (31 rural and 14 urban). When the PPA is released, it is expected to provide information on people's perception of poverty and vulnerability in the country as well their perception of the policy initiatives that have been launched during the implementation of the SDPRP. The initial findings of the PPA have already provided important information that has been used in the preparations for the PASDEP. The WMU is planning to undertake a triangulation analysis with data and information from the PPA, HICES and WMS, once all the data and information have been released.

WMU Capacity Building

The Pooled Fund's support to building capacity at WMU has included supporting WMU to employ a research assistant to work on day-to-day activities related to implementation, monitoring and evaluation of the SDPRP, as well as the preparations for the PASDEP. The research assistant is based in WMU and works closely with the Department Head of Planning and Research. WMU had planned to send staff for long-term training in relevant subjects, but did not identify suitable candidates, due to shortage of staff during the finalization of the MDGs Needs Assessment and the preparations for the PASDEP. However, efforts are being made to strengthen the WMU with additional staff through the regular Government recruitment system and the DAG has started discussions with the WMU on the possibility of funding capacity-building activities in 2006.

Data Systems and Economy-Wide Modelling

A project that seeks to develop analytical capacity to support economic policy analysis was launched in 2005 by the Ethiopian Development Research Institute (EDRI). It is based on two

inter-related strands of work, namely: i) developing a comprehensive data system that can support policy analysis at different levels, and ii) developing capacity to build and maintain economy-wide empirical models that can be used by policy analysts and researchers. The project timeframe is three years and the first phase, which focuses on developing economic models, is being implemented.

1.2. Civil Society Engagement

Throughout the SDPRP cycle, the DAG has encouraged broader participation in and national ownership of the country's strategies and policies. During 2005, the promotion of broader ownership and involvement of CSOs and non-state actors in strategies and policies remained high on the DAG agenda. Total funding of USD143,472 has supported a number of initiatives. Some projects that had been launched in 2004, such as the Citizen Report Card survey and Older People's Poverty Monitoring Project, continued to receive support. New initiatives, such as the Review of Donor Engagement with Civil Society in Ethiopia were also launched during 2005.

Citizen Report Card

PANE carried out the Citizen Report Card initiative, a user assessment of service delivery, with technical support from the DAG. The exercise focused on citizens' rating of pro-poor services ranging from primary health, education, water and sanitation to agricultural services. It provided important information on people's perception of service delivery. Comments of CSOs were presented at the national review meeting on the SDPRP, and the comments of the Christian Relief and Development Association (CRDA) and PANE were given on the draft PASDEP document. Subsequently, the Government has adopted the findings of the assessment and used these as inputs in finalizing the PASDEP.

Older People's Poverty Monitoring Project

The Pooled Fund has supported this pilot initiative on monitoring and evaluation, launched in 2004, with the objective of improving the quality of life of older people and their communities through enhanced governance and downward accountability at the *woreda* level, in the context of SDPRP. The initiative was carried out at the local level in two *woredas* of Oromia region by HelpAge International, in collaboration with two national NGOs: HUNDEE (a grassroots Oromo organization) and the Rift Valley Women's and Children's Development Association. Implementation was completed in October 2005 and the final report of the project was submitted to the DAG. A project working paper, which documented the major lessons learned, was also produced. The project working paper and the final project completion report were also shared with MoFED for its use in the preparations for the PASDEP.

Review of Donor Engagement with Civil Society in Ethiopia

Consistent with the DAG's commitment to intensify its partnerships with CSOs, a Review of Donor Engagement with Civil Society in Ethiopia was launched in 2005. This assessed donor, civil society and Government perspectives on the primary functions of civil society in Ethiopia in the context of the SDPRP, taking into consideration existing initiatives and experiences from outside Ethiopia. Phase I of the review provided recommendations on a range of options for engaging civil society in a more strategic, harmonized, flexible and cost-effective manner. These recommendations were presented to representatives from the CSOs and donor community as part of the preparations for Phase II of the review. Based on the recommendations and



comments from relevant stakeholders, Phase II of the review was launched to elaborate further on a workable mechanism for donor support to CSOs and support to an enabling environment that would lead to enhanced policy dialogue. The review was finalized in late 2005 and the DAG endorsed the recommendations in early 2006. The Steering Committee overseeing this initiative is preparing to implement harmonized support to CSOs and efforts are underway to anchor this initiative within the structure of the DAG TWG on Governance as this will ensure broad DAG ownership of this initiative.

1.3. Other Areas of Support

Promotion of Governance

To facilitate engagement in emerging governance issues, the DAG established a Governance Pooled Fund in the third quarter of 2005. Main activities included extending the work of Electoral Reform International Services Ltd (ERIS) and a scoping mission of Regional and Federal Parliaments. A DAG Governance Advisor was recruited to provide day-to-day advice on the implementation of priority post-election activities of the DAG. A strategy is being developed for future DAG involvement in governance within the overall framework of the PASDEP, and this will guide the activities during 2006.

Mainstreaming of Gender

National Action Plan for Gender Equality

The draft NAP for Gender Equality forms the core of the gender strategy under the PASDEP. It is intended to mainstream gender into policies and programmes for more gender-equitable poverty reduction outcomes. Specific elements include:

- Mainstreaming and articulating gender concerns on broad policy processes, including the PASDEP, MDGs and budget processes,
- Strengthening gender analysis and overall gender sensitivity of the PASDEP monitoring and evaluation system (including the core indicators and data collection systems),
- Strengthening the institutional structures and functioning of the Women Affairs Office (WAO), and
- Identifying entry points/activities for enhancing gender mainstreaming across Government policies and programmes.

It is envisaged that a national workshop will be held in early 2006 to discuss the final draft of the NAP, prior to forwarding the document to the Cabinet for approval.

Gender Budget Analysis

Related to the NAP, a gender budget analysis was conducted that specifically looked at education, health and agriculture in the federal accounts. A team of international and national consultants was hired and a scoping exercise (including awareness-raising and training components) was completed in 2004. The Final Report was presented in January 2005 and the results have fed into budget formulation and the preparations for the PASDEP.

Support to the Education Sector

The Education Pooled Fund (EPF) was established in 2005 with the objective of responding quickly and flexibly to needs for capacity development, research and implementation under the Government's second Education Sector Development Programme (ESDP II). The purpose

of the Fund was to strengthen efficiency and effectiveness of education initiatives as well as policy formulation within ESDP II. During 2005, a total of USD315,417 was spent on a number of initiatives.

In line with the ESDP II, activities of the Education Pooled Fund included support to:

- The ESDP II Annual Review Meeting that provided an annual discussion forum on progress and challenges related to the implementation of the ESDP II,
- *Woreda* capacity-building, partnerships and strategies for girls' education, to identify constraints and challenges as part of the preparations for a nation-wide strategy on girls' education,
- Research and consultation to support the Government strategy for the establishment of 13 new university colleges,
- Support for the production of a manual on financial management for the post-secondary education project,
- A baseline study of Pupil-Textbook Ratio in Primary Schools,
- International Literacy Day (ILD) celebrations,
- Participation by Government counterparts in the International Education Planning (IIEP) Summer School in Paris, and
- Support to the Joint Review meeting to review progress, challenges and future perspectives in the implementation of the Education Sector Development Programme.

The fund will continue to support projects during 2006 under the overall guidance of the DAG TWG on Education and partners in the Ministry of Education. The first year of implementation resulted in a high response rate to requests for support that were received.

Support to Trade and Private Sector Development

As part of the activities of the Trade and Private Sector Development TWG, support was provided to developing business solutions to development problems, particularly in the irrigation sector. A national consultant was hired to perform economic analysis for specific business cases and to assist in the preparation of Business Plans for each potential investor under that project.

Support was also provided to the Government's Integrated Institutional & Export Development Programme (IIEDP), which aims to increase Ethiopia's exports and transform the Ethiopian Export Promotion Department (EEPD) of the Ministry of Trade and Industry into an efficient and effective business support organization. Three international consultants were recruited to conduct four product studies, focusing on agricultural products: spices, oils, beeswax and gum. The studies have been finalized and were presented at a national workshop. They have been handed over to the EEPD for its further use. Total support to the SDPRP Agenda on Private Sector Development and Trade was USD43,274.



2 Harmonization and Partnership Structure

2.1. Harmonization Agenda

Harmonization was high on the agenda of both the Government and the DAG at the start of 2005, as Ethiopia participated in the OECD-DAC² Paris meeting on Aid Effectiveness. As a follow up to this, the draft Declaration on Harmonization, Alignment and Aid Effectiveness was revised in line with the Paris Declaration and several consultations were held between the Government and the DAG on the content of the Declaration. Consultations on harmonization will continue in 2006, as both the DAG and the Government are keen to confirm their support to the harmonization agenda as outlined in the Ethiopian Action Plan on Harmonization and the Paris Declaration.

Technical support was provided to a Secretariat, housed in MoFED, during the first months of the year, with the objective of further promoting the harmonization agenda within the Government and among the donor community. However, due to the departure of the technical advisor, the planned tasks were not all implemented. A revision of the terms of reference of future technical support is currently ongoing with the objective of recruiting a new technical advisor under the DAG Pooled Fund during 2006.

Aid Management Platform

An Aid Management Platform (AMP) project, a web-based initiative housed in MoFED, was launched in 2005 with support from UNDP. The AMP will assist the Government and its development partners in the planning, management and monitoring of resources allocated to development activities. It will also promote information-sharing on aid activities from concept to implementation and facilitate collaboration among the main actors. This should lead to more transparent and efficient processes for Government and development partners for allocating and reporting on funding and resources.

The project has five modules, including: aid information management, reports and analysis, scenario-building, fiscal calendar and knowledge base. The AMP is being implemented through a phased approach and the first two modules, the aid information and the reports modules, are currently in progress. The DAG Pooled Fund will support the second phase, to be launched during 2006.

Partnership Structure

Throughout the year the partnership structure has remained a relevant and useful structure for dialogue with the Government. However, in the aftermath of the political events of the second half of 2005, consultations with Government have not taken place as often as envisaged and only one High Level Forum (HLF) meeting was held in 2005, compared with the planned quarterly meetings. However, the DAG remains committed to the agreed principles for consultation, and efforts will be made to revitalize the structure, as part of the DAG's support to the PASDEP in 2006.

² Organization for Economic Co-operation and Development: Development Cooperation Department

2.2. Work of the DAG

Donors' commitment to and interest in stronger DAG collaboration in support of national processes and policies were evident throughout the year. The group met on a monthly basis, and more frequently whenever required. A DAG retreat in June 2005 confirmed the group's role as a forum for coordinating the work with the Government as well as with non-state actors such as CSOs and private sector. Throughout the year the DAG provided oversight and guidance to the work of the DAG TWGs and other groups such as the *ad hoc* Taskforce on the PASDEP.

Post-election events in the country in the latter half of the year and the subsequent suspension of Direct Budget Support (DBS), as well as the launch of a review of aid modalities, brought the DAG closer together and led to a highly-coordinated response to development challenges, particularly in the aftermath of the elections. However, the suspension of DBS created challenges related to predictability for the Government budget and the review of aid modalities led to joint efforts to develop new instruments for aid to Ethiopia.

DAG TWGs

Throughout 2005 the DAG TWGs continued to provide sector support to the implementation of the SDPRP, as well as technical support to the preparations for the PASDEP. This included support to the Government and preparation of detailed comments on the draft PASDEP document and Policy Matrix. The DAG TWGs also provided a forum for coordinated support and information-sharing within the various sectors. A number of TWGs engaged regularly with relevant Government partners as part of the coordination and effective donor response to development challenges in Ethiopia.

DAG Website

A website (www.dagethiopia.org) was launched in June 2005 to facilitate smooth sharing of information and easy access to relevant documents and background information. Further efforts will be made in 2006 to institutionalize the maintenance and updating of the website.

The DAG Secretariat

The DAG Secretariat in UNDP has supported the work of the DAG ExCom and the DAG through facilitating and following up ongoing issues as well as new initiatives launched by the DAG. The Secretariat also liaised regularly with stakeholders, including Government, civil society, private sector and UN and donor-agencies, to ensure smooth communication and effective delivery of services.

The DAG Secretariat has also been responsible for managing the DAG Pooled Fund, in close collaboration with DAG members and Government counterparts and under the overall supervision of the UNDP Resident Representative and DAG Co-chair. To facilitate the management of the Pooled Fund, in 2005 guidelines for funding approvals were introduced and these ensure that the DAG TWGs and the DAG are involved in approval processes. In line with this, it is planned to further anchor the technical oversight of the activities of the DAG Pooled Fund within the DAG TWGs to ensure sound technical support and supervision of the supported activities.



3 Emerging Areas for Future Work

As a rolling and demand-driven instrument, the DAG Pooled Fund has increasingly broadened its programming areas and related support activities. The expected finalization of the PASDEP in May 2006 provides new opportunities for engaging in dialogue with the Government on DAG activities. Hence, the DAG Pooled Fund may be engaged in several new activities during the coming year.

Support to the PASDEP

The PASDEP and the Policy Matrix will be finalized in early 2006. The framework provides opportunities for exploring technical assistance to strengthen monitoring and evaluation initiatives as part of future support to the Government. Once the PASDEP document is finalized, opportunities could also be explored on how best to support Government in its efforts to secure funding for the planned focus areas of the PASDEP as well as facilitate discussions on the best aid instruments for channeling this support.

Promotion of Governance Issues

During the implementation of the PASDEP, a greater focus will be given to governance issues within the framework of the PASDEP and the Policy Matrix. Hence, continued technical support is envisaged to the finalization of the DAG strategy on governance and coordinating activities in this area. Consultations have been initiated with Government on reactivating a forum for dialogue on governance with relevant Government interlocutors. These consultations may generate important input to future DAG support in the area of governance, within the framework of the PASDEP.

Support to Civil Society Organizations (CSOs)

As the result of the Donor Review of Support to CSOs, a mechanism for harmonized support will be launched during 2006 that will provide opportunities for strategic support to CSOs at both federal and regional levels. It is envisaged that the support will result in enhanced capacity of CSOs, which will provide unique opportunities for further engagement of CSOs in national and regional development and policy processes.

Sector Support

The successful pooled funding within the areas of Governance, Education, Gender and Private Sector and Trade provides opportunities for additional funding within these areas under the oversight of the DAG TWGs. Support could also be extended to other areas of DAG focus. Consultations will be initiated with the relevant DAG TWGs on their workplans and opportunities for harmonized funding under the overall umbrella of the DAG Pooled Fund.

4 Financial Status

Total expenditures from the Pooled Fund for the year 2005 amounted to USD1,833,695, of which USD898,861 was advanced to the WMU, MoFED, CSA, EDRI and CSO initiatives.

As seen from the overview of donor contributions below, newly-signed donor contribution agreements for 2005-2007 amounted to USD3,961,548. The larger share, USD3,073,351, is earmarked for the CSA/WMU project on monitoring and evaluation, which will be operational until 2008. Another USD610,574 is earmarked for the new component on support to ESDP II, under the DAG TWG on Education.

Total resources available for 2006-2007 are USD4,704,336. In order to meet the objectives of the Pooled Fund for 2006 and to support ongoing and new projects it is necessary to replenish the General Pooled Fund this year, as well as giving additional support to the Monitoring and Evaluation component. Replenishment is also needed for new initiatives in support of activities within the Education, Gender, and Private Sector Development and Trade components of the Pooled Fund, in line with the commitment of the DAG TWGs that they will oversee these components in a coordinated manner.



5 Overview of Donor Contributions and Expenditures by Activity

Overview of Donor Contributions

Output	Donor	2005	2006	2007	Total (in USD)
	Norway	109,201			
	Canada	64,177			
	Sweden	62,035	128,370	128,370	
	Sub total - General	\$235,413	\$128,370	\$128,370	\$492,152
36147 M&E	DFID	434,250	434,783		
	Netherlands	250,000	416,677	333,323	
	EC	967,352	236,967		
	Sub total - M&E	\$1,651,602	\$1,088,426	\$333,323	\$3,073,351
38877 Private Sector	Japan	42,210			
	Sub total - PSD	\$42,210	\$0	\$0	\$42,210
41179 ESDP	DFID	104,298			
	Netherlands	438,130			
	Ireland	60,623			
	UNESCO	7,523			
	Sub total - ESDP	\$610,574	\$0	\$0	\$610,574
46393 Post Election	Ireland	287,847			
	CIDA	92,008			
	Sub total - ESDP	\$379,855	\$0	\$0	\$379,855
<i>Additional Contributions (USD)</i>		<i>\$2,919,654</i>	<i>\$1,216,796</i>	<i>\$461,693</i>	<i>\$4,598,143</i>

Summary of Contributions and Expenditures by Component

	Balance from 2004	Additional Contributions	Expenditures in 2005	Committed Fund for 2006-2007 (in USD)
SDPRP general	893,621	492,152	529,113	856,660
Gender	24,275		16,908	7,367
M&E	1,365,554	3,073,351	898,861	3,540,044
Private Sector	(207)	42,210	43,274	(1,271)
ESDP	318,164	610,574	315,417	613,321
Post Election	-	379,855	30122	349,733
Total	\$2,601,407	\$4,598,142	\$1,833,695	\$5,365,854

6 Summary of 2005 Expenditures by Activity

Overall SDPRP Implementation (12462)

Description	Expenditure (USD)
Activity 1. Institutional Strengthening	
International Consultant	50,628
Training	21,457
DSA & Travel	10,694
Sub-Total	82,779
Activity 2. Harmonization	
Support to HLF	9,000
Office Equipment & Furniture	25,731
Travel & DSA	2,738
Sub-Total	37,469
Activity 3. MDG Needs Assessment	
International Consultants	20,514
Local Consultants	5,757
Miscellaneous	1,120
Sub-Total	27,391
Activity 4. Civil Society Engagement	
Old Peoples' Service Monitoring Initiative(HelpAge)	61,489
International Consultants	59,228
Local Consultants	10,108
Technical Assistance for Citizen Report Card(PANE/E)	5,664
Travel & DSA	6,983
Sub-Total	143,472
Activity 5. Gender Budgeting	
International Consultants	11,614
Local Consultants	5,294
Sub-Total	16,908
Activity 6. DAG Secretariat Coordination	
DAG Website Development	8,036
DAG Meeting Coordination	16,855
Office Equipment	2,361
APR & SDPRP Consultation	64,672
National Staff Salary	11,944
International Staff Salary	90,808
Miscellaneous	3,438
Sub-Total	198,114
Service Fee	39,887
Grand Total Output 1	546,021



SDPRP M&E (36147)

Description	Expenditure (USD)
Activity 1. Institutional Strengthening	
International Consultant (APR&SDPRP)	24,512
Local Consultants	12,673
Travel & DSA	4,011
Support to Local Personnel	3,781
Macro Modeling (EDRI)	175,317
Support to WMU	100,000
Sub-Total	320,293
Activity 2. Statistical Work (Central Statistical Authority)	
CSA Staff Long Term Training	107,691
Office Equipment	285,307
Sub-Total	392,998
Activity 3. Data Management & Information Systems (CSA+WMU)	
International Consultants	102,972
Travel	6,124
Miscellaneous	540
Sub-Total	109,636
Service Fee	65,317
Grand Total Output 2	888,244

SDPRP M&E EC Trust Fund (36147)

Description	Expenditure (USD)
Activity 2. Statistical Work (Central Statistical Authority)	
CSA Staff Long Term Training	10,111
Service Fee	506
Grand Total Output 2	10,617

SDPRP Agenda on PSD & Trade (38877)

Description	Expenditure (USD)
International Consultants	40,665
DSA & Travel	1,809
Sub-Total	42,474
Service Fee	801
Grand Total Output 3	43,274

SDPRP Education Pooled Fund (41179)

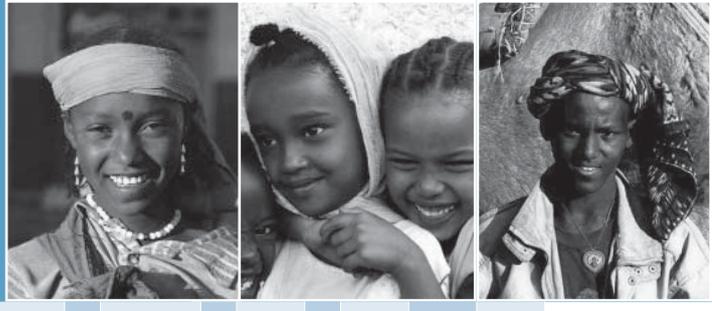
Description	Expenditure (USD)
Annual Review Meeting	15,395
Girl's Education	99,009
Financial Management Manual	3,464
Higher Education Institute Initiative	42,808
Text Book Availability Study	66,482
International Literacy Day	17,650
Community Participation	10,629
IIEP Summer School Training	11,592
Joint Review Mission	33,367
Sub-Total	300,397
Service Fee	15,020
Grand Total Output 4	315,417

Governance Post Election Activites (46393)

Description	Expenditure (USD)
International Consultants	27,991
Travel	697
Sub-Total	28,687
Service Fee	1,434
Grand Total Output 5	30,122

7 Summary Overview of DAG Activities in 2005

Month/Date	DAG Event	Issues Discussed	Other Events
January 27	DAG meeting	Harmonization Action Plan; SDPRP Annual Progress Report; PASDEP	
February 10	DAG meeting	Partnership forum on Annual Progress Report II (APR II); DAG Statement on APR; Harmonization mapping	Partnership Forum on APR of SDPRP I
February 14 and 15		Review of the implementation of the second year of Sustainable Development and Poverty Reduction Programme (SDPRP)	Paris High Level Forum - OECD-DAC meeting on Paris Declaration on Aid Effectiveness
February 28 - March 02		Joint progress towards enhanced aid effectiveness, harmonization, alignment and results	
March 03	DAG working lunch with IMF PRGF mission	Briefing by the IMF PRGF Mission; update on APR; DAG Policy Note; MDG Needs Assessment.	
March 9	DAG meeting	Status of MDG Needs Assessment; update on Joint Budget Support Mission (JBS); establishment of DAG Governance Group; Harmonization (feedback from Paris HLF; donor mapping exercise); A Plan for Accelerated and Sustained Development to End Poverty (PASDEP) process and timeline; DAG Policy Note; preparation for the HLF planned for 25 April)	
April 14	DAG meeting	Debriefing by the JBS; Briefing on the Engineering Capacity Building Programme; harmonization; launching of DAG TWG on Governance; PAN/E Strategic Planning exercise; PASDEP - DAG Policy Note; HLF; and planning for DAG retreat)	
April 20	Official launching of DAG TWG on governance	Mandate and organization of the group	
April 25	High Level Forum	PASDEP; MDG Needs Assessment; harmonization	
April 28	ExCom/TWG chairs quarterly meeting	Engagement of TWGs (follow-up on SDPRP implementation and monitoring; progress on the harmonization agenda, meetings and events and key messages to the larger DAG); DAG Organization and information flows	
May 15			National elections
May 24	DAG meeting	PRGF debriefing; PASDEP: Process and Content Development (Overview of timeline and work agenda of PASDEP; DAG Policy Note); harmonization; DAG website	
June 6	DAG Retreat	Strategy Planning Retreat	
July 13	DAG Meeting	DAG Priority Post-election programme; update on the PASDEP and the MDG Needs Assessment	DAG website (www.dagethiopia.org) launched
July 25	DAG Working Luncheon with Prof Jeffrey Sachs	Scaling up of ODA, approaches to MDG Needs Assessment, politics of aid (conditionality), harmonization	
August 3	DAG meeting	Updates on post-election activities; update on PASDEP; PASDEP Policy Matrix review and refinement; MDG Needs Assessment	



Annual Report of the DAG Pooled Fund 2005

Month/Date	DAG Event	Issues Discussed	Other Events
August 11	DAG Meeting	DAG post-election activities; relationship between election sub-group and governance group; updates and information - PASDEP (PASDEP Policy Matrix Review Guidance Note; consolidation of policy matrix review by DAG TWGs; planning for the meeting with Ato Mekonnen Manyazewal, State Minister of MoFED)	
August 15	DAG meeting with Government	DAG letter of July 7 (PASDEP consultations; the role of parliament; source documents for PASDEP; status of MDG Needs Assessment Synthesis Report; timing for finalization of PASDEP; DAG PASDEP Policy Note)	Central Statistical Authority website (www.statsethiopia.org) launched
September 1	DAG meeting	Updates (PASDEP: DAG engagement in federal consultation, policy matrix review and refinement; post-election update; visit of UN Secretary General's Special Envoy for the humanitarian crisis in the Horn of Africa (Martti Ahtisaari); harmonization (draft harmonization core statement; Aid Management Platform (AMP); launching of joint publication by Ireland and the Netherlands, and signing of an MoU); and DAG ExCom and chairs of TWG consultation	
September 9			Launching of Global Human Development Report
September 6-8			PASDEP federal consultation
September 16			Meeting with OECD Communications Manager
September 20	Meeting with the Global Partnership for Disability and Development (GDPP) Task Force members	Development priorities and programmes being supported by the DAG and the extent to which they include people with disabilities	
September 23			Citizens' Report Card Survey final report released by Poverty Action Network of Civil Society in Ethiopia (PANE)
September 30	Special DAG meeting (DAG members and Ambassadors Donor Group members)	Updates on status of PASDEP formulation by Jim Smith (Consultant); DAG Inputs to PASDEP Policy Matrix	
October 6	DAG Meeting	DAG Structure; scaling-up; draft Joint Declaration on Harmonization, Alignment and Aid Effectiveness; DAG funding request approval mechanism; PASDEP; post-election update; HLF	
October 24	IMF Debriefing to the DAG	Article IV Consultation Mission Debriefing	

Month/Date	DAG Event	Issues Discussed	Other Events
October 31			Older Persons Poverty Monitoring Project implementation ended (Final Report and Project Working Paper released).
November 9	DAG meeting	Current situation in the country; PASDEP: next steps; draft Joint Declaration on Harmonization, Alignment and Aid Effectiveness; election of new ExCom members; avian influenza; post-election update; review of DAG retreat action plan and planning for the next retreat)	
November 15	Special DAG meeting	Special Meeting on avian influenza	
November 17	DAG meeting CSO	Meeting on the findings of Part One of the Review of Donor Engagement with Civil Society in Ethiopia	
November 18			African Statistics Day Ceremony
November 24	DAG meeting	Follow-up to the DAG letter to H.E. Ato Sufian Ahmed, Minister, MoFED; DAG engagement in the PASDEP process (consultative process; engagement on development issues with non-state actors); review of DAG retreat action plan and preparations for the next retreat; AMP	
December 01			Draft PASDEP released
December 16	DAG meeting	Feedback from the meeting on 2 December 2005 with H.E. Ato Sufian; DAG response to the PASDEP; update on the Joint Economic and Social Analysis Work; broad governance issues and post election update; DAG structure; AMP)	
December 20	DAG meeting	Donor meeting on the Review of Donor Engagement with Civil Society	
December 23			Draft PASDEP policy matrix released



Abbreviations

AMP	Aid Management Platform
CRDA	Christian Relief and Development Association
CSA	Central Statistical Authority
CSO	Civil Society Organization
DAG	Development Assistance Group
DBS	Direct Budget Support
EDRI	Ethiopian Development Research Institute
ERIS	Electoral Reform International Services Ltd
ESDP	Education Sector Development Programme
GIS	Geographic Information System
HICES	Household Income, Consumption and Expenditure Survey
HLF	High-Level Forum
IIEDP	Integrated Institutional & Export Development Programme
MDG	Millennium Development Goal
MoFED	Ministry of Finance and Economic Development
NGO	Non-Governmental Organization
OECD-DAC	Organization for Economic Co-operation and Development - Development Assistance Committee
PANE	Poverty Action Network of Civil Society in Ethiopia
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
PBS	Protection of Basic Service Project
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
SDPRP	Sustainable Development and Poverty Reduction Programme
TWG	Technical Working Group
UNDP	United Nations Development Programme
WMS	Welfare Monitoring Survey
WMU	Welfare Monitoring Unit (in MoFED)

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