



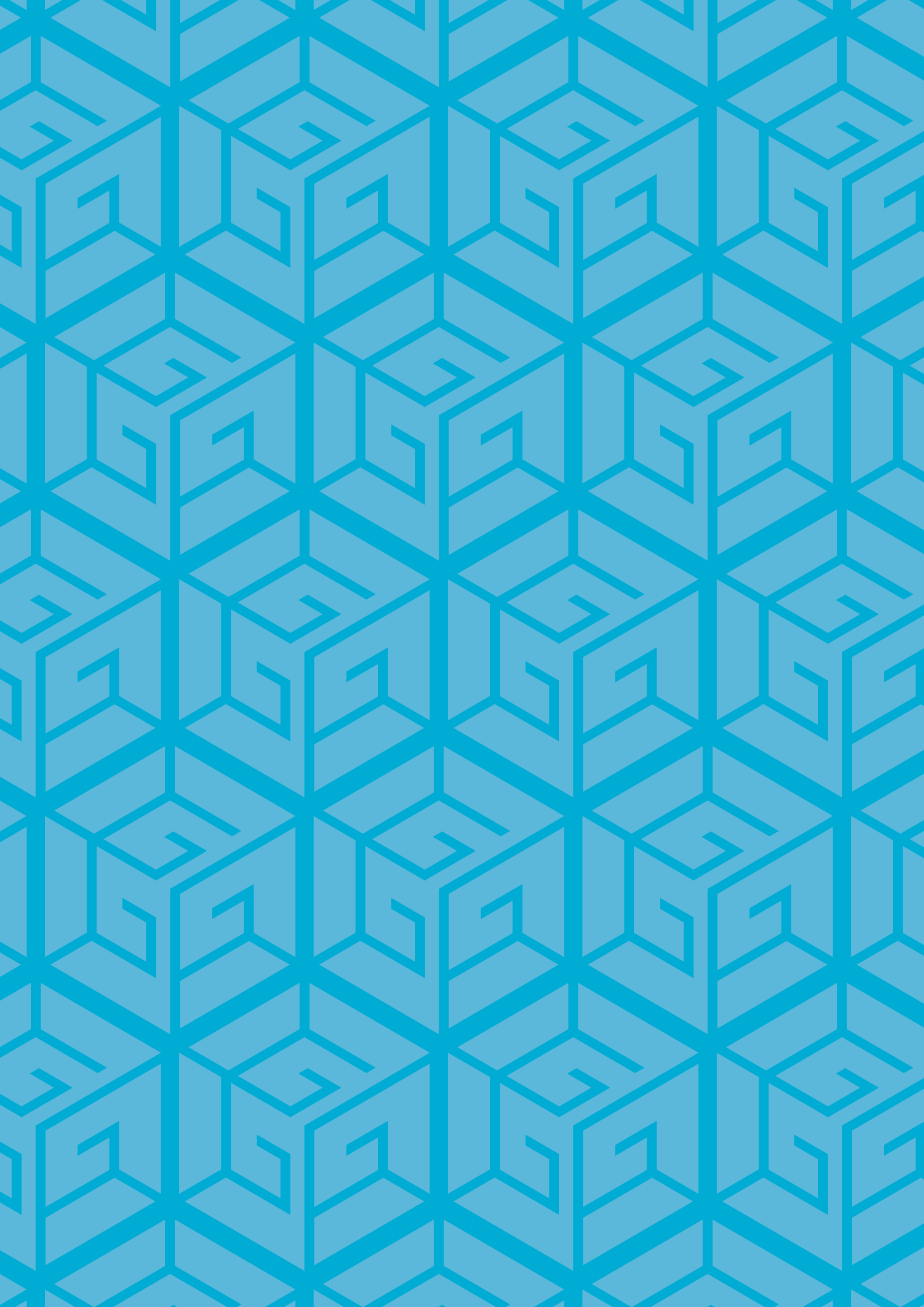
# GGGI - Ethiopia Country Planning Framework 2016-2020











# TABLE OF CONTENTS

Introduction to the Country Planning Framework	5
Country Overview	7
Ethiopia's National Priorities	11
GGGI engagement in Ethiopia	17
Ethiopia Country Planning Framework Analysis	21
Strategic Response	27
Acronyms	35







# Introduction to the Country Planning Framework

GGGI works with its member countries to support a transition to a green growth model and implementation of strategies that simultaneously achieve poverty reduction, social inclusion, environmental sustainability and economic growth. The service offering of the GGGI covers technical assessments, strategy development, analytical work, capacity development, project development and implementation.

This CPF sets out the outcomes and deliverables that GGGI Ethiopia will achieve over 5 years. It allows for continual evolution, responsiveness and improvement in order to meet the needs and development priorities of the Federal Democratic Republic of Ethiopia (FDRE). It will guide GGGI Ethiopia in development of its annual work plans and budgets that will identify yearly tasks, activities and priorities.

GGGI has been working with the FDRE in green growth planning and implementation since 2010, with financial support from three (3) major donors (The Government of Norway, UK-DFID, Germany BMUB). GGGI has made some notable successes which include contributing to the development of the CRGE Vision, development of The Green Economy Strategy, Climate Resilience Strategies for Agriculture and Forests, and Water, Irrigation and Energy, establishing CRGE Facility and establishing the Environment and Climate Research Centre (ECRC). As the FDRE develops the second phase of the Growth and Transformation Plan (GTP-II 2016-2020), GGGI Ethiopia

is developing its Country Planning Framework (CPF) to support the government in its objective of becoming a Climate Resilient Green Economy (CRGE).

The purpose of the CPF is to detail how GGGI will support the FDRE in planning and implementing the CRGE. It outlines country level objectives that will be delivered over a 5-year period. The CPF's objectives are derived both from organizational priorities, reflecting GGGI's comparative advantage, and discussions with the FDRE. This ensures that national goals are aligned with green growth, primarily related to economic growth, poverty reduction, social inclusion and environmental sustainability.

GGGI Ethiopia's CPF targets the delivery of tangible results on-the-ground. It documents the commitment of GGGI to building a CRGE in Ethiopia through:

- Development of an implementation Road Map for the CRGE to be integrated and mainstreamed within the GTP II
- Improved programmatic planning and delivery of the CRGE in 8 federal line ministries
- Increased project development and investment in priority sectors
- Improved programme and resource management, and private sector engagement in the CRGE Facility
- Increased capacity and performance of relevant federal/sub-national government bodies
- Evidence and knowledge development for CRGE policy makers







# Country Overview

## Situation analysis: Ethiopian economy

Ethiopia is developing rapidly. A public investment-led development strategy has generated tangible results, in terms of economic growth and improving social conditions. Economic development has focused on increasing agricultural productivity, industrial output, export revenue, and public infrastructure development. This has reduced poverty through broad-based economic growth and pro-poor spending. Economic output increased between 2003/04 and 2012/13, averaging 10.1% annual growth (real GDP). The growth of the economy over the last five years puts it within the top five fastest growing economies in the world, and is double the average for Sub-Saharan Africa<sup>1</sup>. In 2013-2014, the economy grew by 10.3%, with the inflation rate in single digits<sup>2</sup>. All of the economy's main sectors performed well. Agriculture, industry and services registered annual average growth of 6.6%, 20% and 10.7% respectively<sup>3</sup>.

## Poverty alleviation

Ethiopia is home to more than 94 million people<sup>4</sup>. Rapid economic growth over the last decade has been broad-based and led to significant reductions in rural and urban poverty. Since 2005, best estimates suggest that 2.5 million people have been lifted out of poverty, and the share of the population below the poverty line has fallen from 38.7 per cent in 2004/05 to 26 per cent in 2012/13 (using a national poverty line of US\$0.60/day)<sup>5</sup>. However, because of high population growth, the absolute number of poor (about 25 million) remains broadly unchanged.

Economic growth is generating employment, improving income and reducing poverty<sup>6</sup>. Employment generation, quality infrastructure and poverty eradication remain high on the development agenda. While at one level inclusive

growth and development is occurring, it is differentiated across geographical regions and among certain socio-economic groups: rapid growth and development is not evenly distributed throughout the country, nor are the benefits spreading fast enough. Emerging regions in particular continue to be relatively disadvantaged. Even so, Ethiopia has made solid progress in achieving the Millennium Development Goals (MDGs). Over the last five years, there has been progress in increasing access to primary education (currently 85% coverage), reducing child mortality (64 per 1000 live births in 2013-14), controlling HIV/AIDS (1.5% in 2010/11) and stifling malaria (average reduction rates are: 3% in 2005 to 33% in 2010/11)<sup>7</sup>.

## Climate change and climate risk

Ethiopia has one of the most complex and varied climates in the world due to its location between several climate systems and its diverse geography. Ethiopia is vulnerable to adverse effects from climate change due to the sensitivity of its socio-economic systems. By 2050, several key shifts in the climate are expected:

- Continued **temperature increases** of 0.8 to 2.7°C. Mean temperatures have been increasing and are likely to continue to do so with climate change.
- **Year-to-year rainfall variability is the most significant climate variable** and rainfall is likely to be less predictable with more frequent extremes in future.
- **Parts of the country could see changes in key seasonal rainfall.** The pattern of the belg and gu rains could change, which would have major implications for rural livelihoods and food security, particularly in Somali, South Oromia and parts

<sup>1</sup> World Economic Outlook report, International Monetary Fund (IMF) 2014

<sup>2</sup> <http://data.worldbank.org/country/ethiopia>

<sup>3</sup> GTP II - The Second Growth and Transformation Plan (2015/16-2019/20) Draft, September 2015. FDRE

<sup>4</sup> <http://www.worldbank.org/en/country/ethiopia/overview>

<sup>5</sup> UNDP National Human Development Report 2014

<sup>6</sup> Growth and Transformation Plan II 2015 to 2020 – FDRE 2015

<sup>7</sup> [http://www.et.one.un.org/index.php?option=com\\_content&view=article%20&id=14&Itemid=488](http://www.et.one.un.org/index.php?option=com_content&view=article%20&id=14&Itemid=488) and <http://www.et.undp.org/content/ethiopia/en/home/mdgoverview/overview/mdg6.html>



of SNNPR. These anticipated shifts threaten economic development, food and water security and public health<sup>8</sup>.

Climate change could put the economic and social goals of reaching middle-income status by 2025 at risk, in the worst case scenario, the negative impact on GDP could be 10% or more by 2050<sup>9</sup>. This will disproportionately impact those most vulnerable in society. Moreover, it could strangle key exports, such as Arabica coffee (Ethiopia's primary export, worth around 2% of GDP, which can only grow in tight temperature thresholds), sesame, pulses, live animals and oil seeds.

### Environmental and social context

Ethiopia's ecological and agricultural systems are fragile and vulnerable. This is compounded by population pressure and stretched natural resources, especially the management and utilization of land. The intensive use of

the limited arable land by subsistence farmers has led to serious instances of land degradation, soil degradation, deforestation and loss of biodiversity, all of which have important implications on sustainable livelihoods.

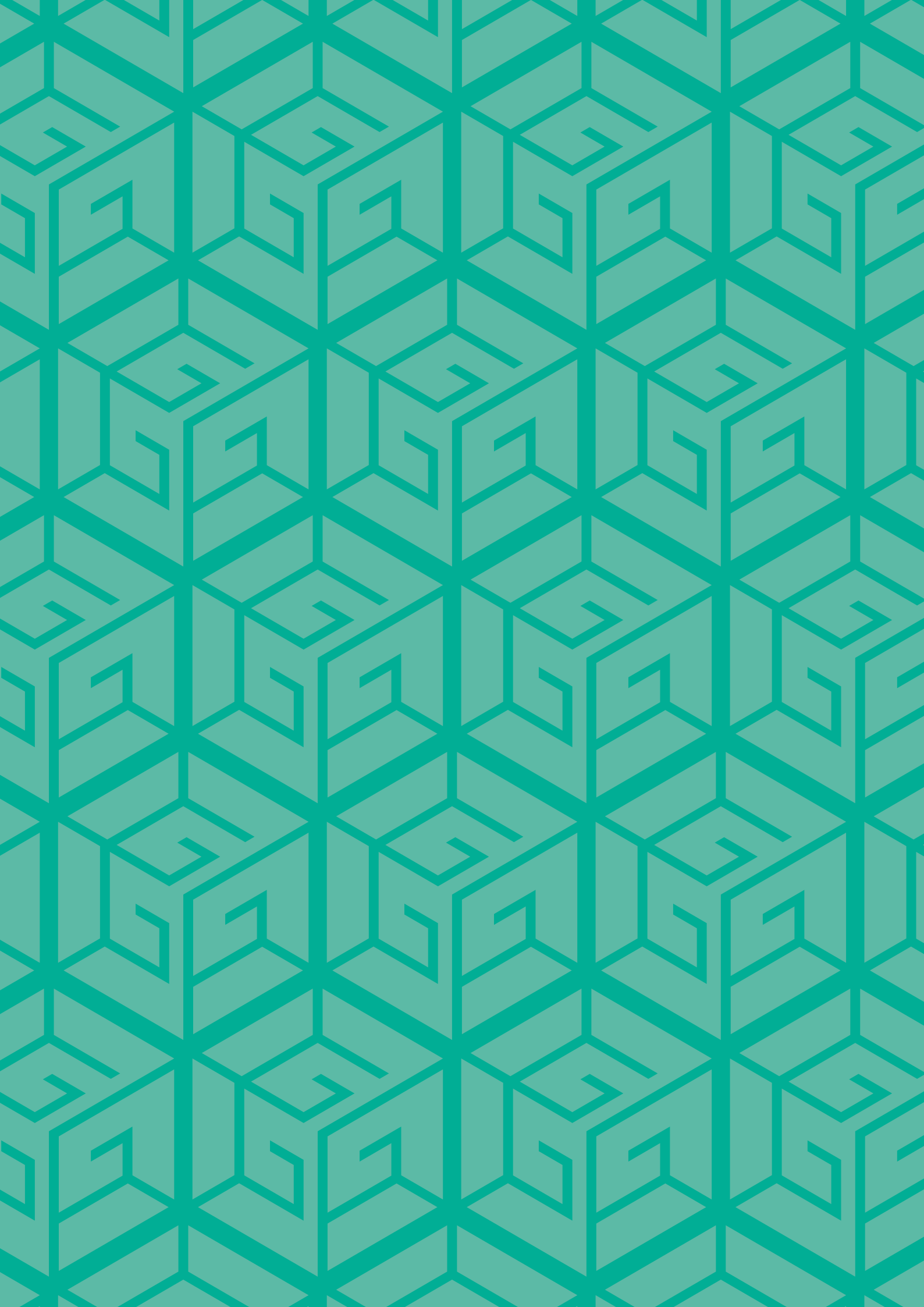
Ethiopia ranks 173 out of 187 countries on the UNDP's 2013 Human Development Index (HDI)<sup>10</sup>. Food insecurity is persistent for roughly two million people that are currently dependent on humanitarian assistance. The Ethiopian Government has put in place one of the largest social protection programs in Africa. The Productive Safety Net Program (PSNP), which began in 2005, provides cash transfers to the chronically food insecure population in a way that prevents asset depletion at the household level and creates productive assets at the community level. This allows the transition away from the present emergency relief system yet still ensure chronic and predictable needs are met. The current phase of the PSNP has a commitment of \$600 Million USD from various sources, including donors and government contributions.

<sup>8</sup> McCarthy, J., Canziani, O.F., Leary, N.A., Dokken, D.J., White, C., 2001. Climate change 2001: impacts, adaptation, and vulnerability. Contribution of Working Group II to the Third Assessment Report of the Intergovernmental Panel on Climate Change. Cambridge University Press, Cambridge.

<sup>9</sup> World Bank: Economics of climate change adaptation 2010.

<sup>10</sup> UNDP (2014), Human Development Report 2014 – Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience, p159











# Ethiopia's National Priorities

The FDRE is committed to green growth and is pursuing a comprehensive set of development objectives through the Growth and Transformation Plan and the CRGE vision.

## Growth and Transformation Plan (GTP)

Over the past decade, Ethiopia has made significant progress towards the goal of poverty reduction through successive macro-economic planning exercises: Sustainable Development and Poverty Reduction Program (SDPRP), the Plan for Accelerated and Sustained Development to End Poverty (PASDEP), and the first phase of the Growth and Transformation Plan (GTP periods cover: 2010-2015, 2015-2020, 2020-2025)<sup>11</sup>.

The GTP establishes goals and targets for achieving middle-income status by 2025. During the first four years of GTP implementation period (2010/11-2013/14), real GDP growth rate averaged 10.1 percent, slightly lower than the target. Agriculture, industry and services have registered an annual average growth rate of 6.6 per cent, 20 per cent and 10.7 per cent respectively. This is double the Sub-Saharan Africa (SSA) average growth rate of 5 per cent.

The FDRE recently published Growth and Transformation Plan II (2015-2020) as the main government policy instrument. The core pillars are “growth” - that is economic growth - and “transformation” - that is economic, labor market, social indicators and export transformation. This entails double-digit (11%) real terms economic growth and rapid social progress. However, this is not economic growth at any cost, but an inclusive development model that aims to benefit the poor and to reinvest growth to drive poverty reduction. In order to achieve the objectives of GTP II, the following pillar strategies are being pursued:

- a) Sustaining rapid, broad based and equitable economic growth and development of 11% in real terms;
- b) Increase productive capacity and efficiency to reach the productive possibility frontier;

- c) Transformation of the domestic private sector;
- d) Build the capacity of the domestic industry to bridge critical infrastructure gaps;
- e) Proactively manage rapid urbanization to unlock its potential;
- f) Accelerate human development and technological capacity building;
- g) Democratic and developmental good governance;
- h) Promote women and youth empowerment;
- i) Building a Climate Resilient Green Economy.

The GTP II targets structural transformation of the economy - away from agriculture, towards industry and exports - and sets out targets for the next five years (see table-1). At the core of this strategy is continued agricultural growth accompanied by a shift toward industry and manufacturing. GTP II also focuses on export orientation. In 2014/15, the share of export in GDP is estimated to be only 6.4 per cent. GTP II targets increasing the share of export to GDP to 11.8 per cent by 2019/20.

Table 1: GTP II targets of economic composition changes 2014/15 to 2019/20

Sector	Base year (2014/15)	Projection (2019/20)
Agriculture and Allied Activities	41.0	35.6
Industry	15.6	22.8
Manufacturing industry	4.6	8.0
Service	43.4	41.6
Real GDP	100	100

<sup>11</sup> Background paper on Ethiopia Economy-GGGI, 2014



## Ethiopia CRGE and INDC strategies

The Climate Resilient Green Economy (CRGE) is the FDRE's vision for development and is a cross-cutting pillar of the GTP II. The objectives of the CRGE are three fold; first, to grow economically at an average of 11% per annum and improve social conditions to reach middle income status by 2025; second, to protect the country from the adverse effects of climate change and build resilience; and third, to limit emissions for this development trajectory.

**Green Economy Strategy:** The 'Green Economy Strategy' (GE Strategy) was developed in 2011 and sets out how growth can be achieved without increasing emissions. The GE Strategy focuses primarily on emission-intensive sectors – energy and water, forestry, agriculture, urban development, infrastructure and industry – and prioritizes more than 50 initiatives that promote economic development goals and limit emissions under 4 pillars:

1. Improving crop and livestock practices for higher food security and farmer income while reducing emissions.
2. Protecting and re-establishing forests.
3. Expanding renewable power generation for domestic and regional markets, and
4. Leapfrogging technology in transport, industrial sectors and construction.

**INDC:** Based on the CRGE, Ethiopia has submitted its Intended Nationally Determined Contribution (INDC)

to the UNFCCC<sup>12</sup>. Ethiopia was one of the first Least Developed Countries to submit an INDC and it is one of the most ambitious targets set by any economy. The INDC limits net GHG emissions in 2030 to 145 Mt CO<sub>2</sub>e or lower, where appropriate finance and incentives are made available. This would constitute a 255 MtCO<sub>2</sub>e reduction from the projected 'business-as- usual' (BAU) emissions in 2030 or a 64% reduction (see Figure 1). This is an ambitious target for Ethiopia and full implementation of the INDC is contingent on an ambitious global agreement being reached.

**Climate Resilience Strategies:** The nature of the Ethiopian economy means it is already highly vulnerable to changes in climate and existing climatic variations. Unless steps are taken to build resilience, climate variability and climate change could reduce GDP growth by up to 10% a year, with agricultural growth at particular risk. As a worst-case scenario, in 25 years, Ethiopia will face the risk of achieving only half the potential total GDP potentially attained. Climate change is predicted to further increase exposure to climate-related and hydrological hazards. Agriculture in particular, the bulk of the export base and prominent in the livelihood of rural poor households, is vulnerable. While a focus on emissions and growth is important in the perspective of a global mitigation agenda, the FDRE has also complimented this strategy with adaptation and resilience focused strategies. Ethiopia intends to undertake adaptation initiatives to reduce the vulnerability of its population, environment and economy to the adverse effects of climate change.

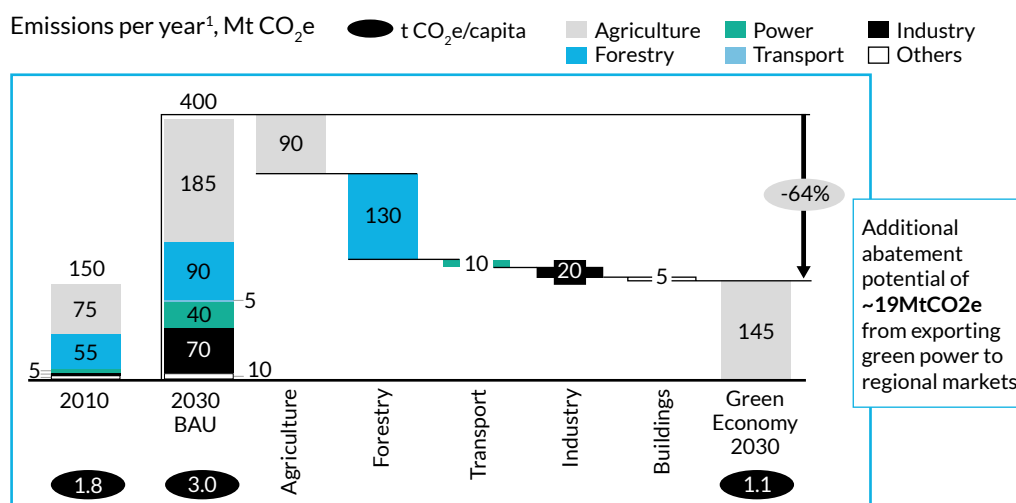
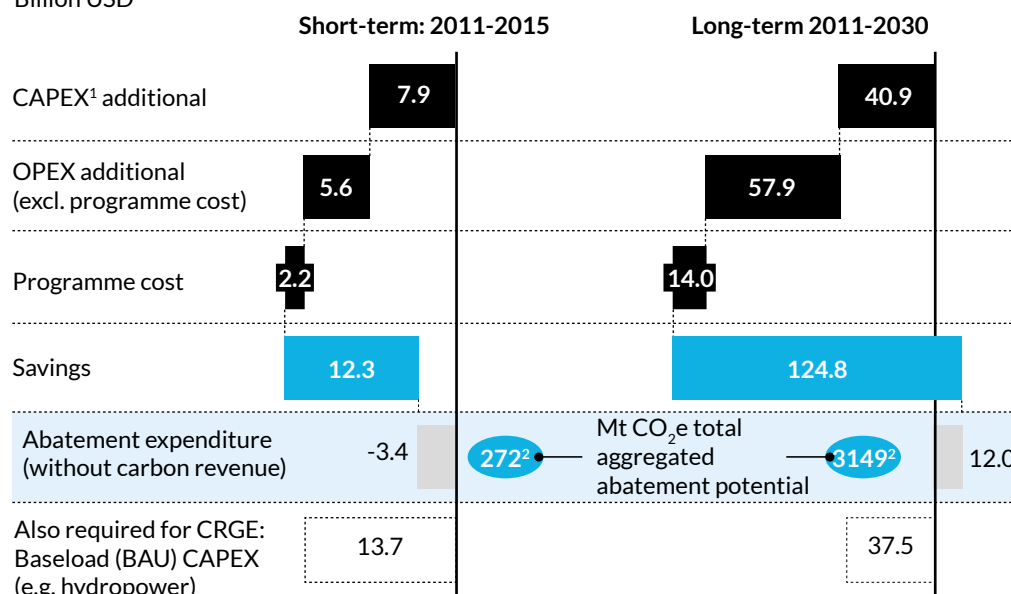


Figure 1 – GHG Emissions BAU baseline and projections - 2010 to 2030. Source: INDC Ethiopia 2015.

<sup>12</sup> <http://www4.unfccc.int/submissions/INDC/Published%20Documents/Ethiopia/1/INDC-Ethiopia-100615.pdf>

## Building a green economy requires around USD 150 billion up to 2030

Billion USD



1 Full capital expenditure, not amortized

2 Aggregated abatement potential; expenditure per t CO<sub>2</sub>e not equivalent to abatement cost in cost curve, as the CAPEX abatement expenditure is not annualized via amortization (rather: cash-flow perspective).

Figure 2: Estimate of investment requirement for the CRGE. Source - Green Economy Strategy 2013 – FDRE

Several sectoral Climate Resilience Strategies (CR Strategies) have been developed, for Agriculture, Forests, Water, Irrigation and Energy. These were supported by GGGI and launched in August 2015. The CR Strategies show the significant potential upside gains from ‘green growth’ in Ethiopia: in terms of food security, energy security and driving better development outcomes. Implementing these strategies has a host of benefits: improvement to public health through better air and water quality, while at the same time promoting rural economic development by increasing soil fertility and food security. Many of the proposed actions offer positive returns on investments and thus directly promote economic growth and create additional high value-added jobs. Importantly, the CR Strategies highlight that many existing plans and strategies (that are not explicitly described as CRGE or climate) are already contributing to the achievement of the CRGE.

**Investment needs for the CRGE:** Estimates of the investment need for CRGE implementation are sizeable. The GE Strategy 2013<sup>13</sup> estimates that developing the

green economy will require an estimated expenditure of USD 150 billion to USD 170 billion over the coming 20 years – around USD 80 billion of which is capital investment and the remaining USD 70 billion operating and program expenses (see Figure 2).

Other estimates suggest that the overall cost of the Ethiopian power system expansion plan alone, which is dominated by renewables, is around \$ 156 billion, spread over the next 25 years. Also, in areas such as Disaster Risk Management, estimates suggest a need for \$1.2 Billion USD over 5 years, with less than half currently funded. The incremental cost assessed in the GE Strategy is more capital intensive i.e. there are additional incremental costs. This implies that implementation of the GE Strategy will require the support of additional domestic and international funding: it estimates that a funding pool of at least USD 20 billion annually should be targeted from climate finance across all sectors to fund initiatives that would otherwise not be financed. Ethiopia’s INDC indicates that “full implementation will require significant capital investment and will tap

<sup>13</sup> Green Economy Strategy – Federal Democratic Republic of Ethiopia. 2013



Table 3: Federal Budget FDRE 2014/2007 EFY – USD/Ethiopian Birr (ETB)

Expenditure		
<b>A</b>	Federal recurrent expenditure	
	Recurrent Expenditure Total	USD \$ 2.1 B ETB 45,055,288,445
<b>B</b>	Federal capital expenditure	
	Capital Expenditure Total	USD \$ 3.19 B ETB 66,990,216,931
<b>C</b>	Subsidies to regions	USD \$ 2.45 B ETB 51,520,401,195
<b>D</b>	Support for achievement of millennium development goal	USD \$0.7 B ETB 15,000,000,000
	Federal Government Expenditure Total	USD \$8.5 B ETB 178,565,906,571

Financing		
<b>A</b>	Domestic Revenue	
	Domestic Revenue Total	Usd \$ 5.8 b Etb 123,053,070,893
<b>B</b>	External assistance	
	External Assistance Total	Usd \$0.8 b Etb 16,802,617,074
<b>C</b>	Loans and credits	
	Loans and Credits Total	USD \$0.83 B ETB 17,502,255,690
<b>D</b>	Domestic borrowing	Usd \$ 1.01 b Etb 21,207,962,914
	Total Revenue, Assistance & Borrowing	Usd \$ 8.5 b Etb 178,565,906,571

domestic resources to pay for some of its commitments”. Analysis of the cost of implementing this CRGE (including the INDC commitment) should be carried out, indeed the INDC notes that Ethiopia “will undertake analysis to determine what can be accomplished without support and what will require international support”. Under output A, GGGI will directly address this and determine the financing and investment needs for a CRGE transition. In Ethiopia, public investments is high, roughly 19% of GDP (2013). This is largely financed domestically, including commercial banks and directly by the central bank. Government spending is increasing annually, reaching almost USD \$9 Billion per annum in 2014. In 2015, Ethiopia completed its debut dollar bond sale with

the 10-year bond priced to yield 6.625% (B/B+) and raised \$1 billion, with demand for the bond at about \$2 billion. Government expenditure is weighted toward capital expenditure at the federal level, reflecting government priorities for infrastructure development (see Table 3)

Estimates of climate relevant public spending in Ethiopia reveal that considerable investment is already being made: proportionally, investment is considerable (roughly 2% of GDP or USD \$440 Million per annum) with the bulk of resources being invested by the government (80%)<sup>14</sup>. In addition, many of the major investment infrastructure programmes in Ethiopia (multi-billion dollar programmes) are relevant to the CRGE; such as the light rail way in Addis Ababa, rail connections between major cities, the Sustainable Land Management Programme, the Productive Safety Net Programme, Climate Smart Agriculture and the Power Sector Masterplan. The indicative figures mentioned in the table -3 underline three points: 1) that significant funding is needed to implement the CRGE and 2) that there is need to mobilize capital investment in the early years, and 3) that public investment needs to be leveraged.

## Institutional changes around the CRGE: MEFC, NPC and the CRGE Facility

**MEFC:** There have been significant institutional changes in Ethiopia to support CRGE implementation. In 2013 a new Ministry for Environment and Forest was created with coordination responsibility for the CRGE. In 2015 this has become the Ministry of Environment, Forest Development and Climate Change (MEFC). The Prime minister of Ethiopia also has a set of special Climate advisors. This provides an entry point to senior decision making levels, including ministerial and cabinet levels, and shows a strong commitment from the FDRE to the CRGE. Moreover, the National Planning Commission (NPC) has included the CRGE as a cross cutting objective of the GTP planning process.

**CRGE Units:** Federal sector ministries have CRGE units to coordinate the CRGE response within their sector. CRGE units are newly created and often not well staffed or positioned within the federal government structures. In GGGI's view CRGE units should not be stand-alone but integrated with planning, budget and evaluation functions within the government.

<sup>14</sup> ODI - Climate finance in Ethiopia June 2014



**CRGE Facility:** The CRGE Facility was established as a mechanism to attract, aggregate, blend and deploy climate finance resources across the economy. The Facility is a government managed fund that provides some funding for the implementation of the CRGE in Ethiopia. It is designed to draw on a range of funding sources: public, private, international and domestic. While not all climate finance and international CRGE support to Ethiopia will flow through the Facility - it is one of the financing mechanisms of the CRGE. The objectives of the CRGE Facility are A) Financial mobilisation and allocation B) Stakeholder coordination and C) Unlocking capital at scale. The CRGE Facility has a mandate to mobilise additional resources and coordinate climate and development finance around the CRGE. Since 2013, the Facility mobilised \$42 Million USD in climate financing for Ethiopia from development partners including UK, Norway, Denmark and Austria. It is expected that the Facility will have mobilised over \$100 Million USD by 2017.

The CRGE Facility is jointly managed by the Ministry of Finance and Economic Cooperation (MoFEC) and the Ministry of Environment, Forest Development and Climate Change (MEFCC).

The National Planning Commission (NPC), responsible for coordinating the development of the GTP-II, shares responsibility for assessing investments made through this Facility and ensure alignment of the Facility investment with the GTP. The Facility reports to a Management Committee consisting of sector Ministers, as well as donor partner observers. Ministers from the MOFEC and MEFCC co- chair this committee. An inter-ministerial steering committee, consisting of all sector ministries and chaired by the Minister for MEFCC, provides strategic direction to the process. An Advisory Board, consisting of contributing development partners (including GGGI), academia and civil society provide inputs.

Seven (7) line ministries coordinate the investments proposed to the CRGE Facility. The Facility is only in its 2<sup>nd</sup> year of operation. It has demonstrated capacity and has managed to mobilise USD42 M from development partners. Moreover, it is now accredited to the GCF and the Pilot Countries for Climate Resilience (PCCR). The Facility is also disbursing funds funding 27 projects across 7 sectors of some USD \$20.8 M.







# GGGI Engagement in Ethiopia

GGGI has been working in Ethiopia since 2010, supporting the FDRE in the CRGE development and planning. During this period, GGGI received financial support from the Government of Norway, UK DFID and Germany BMUB. The Government of Norway provided the bulk of support for the GGGI programme in earmarked funds.

GGGI began its collaboration in 2010 with the Ethiopian Development Research Institute (EDRI) and the then Environmental Protection Agency (EPA). From 2013 GGGI began working with the then Ministry of Environment and Forest (MEF), the Ministry of Finance and Economic Development, the Prime Ministers' Office, the Ministry of Water, Irrigation and Energy, the National Planning Commission, and the Ministry of Agriculture. It is expected that GGGI engagement will continue to expand to other sectors, such as Industry, Urban Development Housing and Construction, Transport, during this CPF period.

GGGI's engagement in Ethiopia is driven by the FDRE's demands and is structured around four pillars: Planning, Resources, Delivery and Institutional Development. The preparation of the second phase of the GTP provides an opportunity for GGGI Ethiopia to evaluate its work and align its program with the GTP. This CPF will guide GGGI's support to the FDRE for the duration of the GTP II period.

## GGGI progress and contributions (2010-2015)

Since 2010, GGGI has evolved both its operating model and coverage in Ethiopia. Over time, GGGI has developed a flexible strategy to support the government in its green growth ambitions. GGGI's notable successes have been:

- **CRGE Vision:** GGGI contributed in the development of the CRGE Vision under the guidance of the former Prime Minister Meles Zenawi.
- **Green Economy Strategy:** GGGI partnered with FDRE to develop the Green Economy Strategy, which has an annual GHG reduction target for each sector and underpins the commitment towards carbon-neutral growth and Ethiopia's INDC's.
- **Climate Resilience Strategies:** GGGI partnered with the FDRE to develop and launch the Climate

Resilience Strategies for Agriculture and Forests, and Water, Irrigation and Energy.

- **Establishing the CRGE Facility:** GGGI worked as part of government team within the CRGE Facility to develop core systems and processes, for example the Operations Manual of the Facility and its M&E system. This unlocked significant investment from development partners. So far, the Facility has secured USD \$42M in ODA finance from development partners.
- **Capitalizing the CRGE Facility and delivering Fast Track Investments:** GGGI worked with the CRGE Facility to develop Fast Track Investment (FTIs). GGGI contributed to the process design of the FTIs, drafting sector ministry FTIs and reviewing and evaluating FTIs. The FTIs have demonstrated that the systems can work, delivering of \$21M USD in investment across 27 investment and 7 economic sectors. This has provided significant learning opportunities and unlocked further investment.
- **Guidance on integration of CRGE into the GTP II:** GGGI developed sector guidance for integrating the CRGE into the GTP II plans. GGGI also contributed to the development of the GTP II. For instance, GGGI developed sector level guidance and with the MEF, GGGI has worked translate CRGE targets into regional plans and also coordinated the review of draft GTP from sectors plans for coherence with the CRGE.
- **Establishing the Environment and Climate Research Centre (ECRC):** In a partnership between EDRI GGGI and EfD, the ECRC was established. GGGI sits on the steering committee. In the medium term the center's work will help to generate evidence in support of policy decisions and enhance the government's capacity. During the process of research design, the Centre will coordinate and closely align with efforts form a variety of other bodies, such as the Ethiopian Environment and Forest Research Institute (EEFRI).

## GGGI's comparative advantage

GGGI is a relatively new organisation in Ethiopia, operating outside of the traditional donor space but alongside a wide array of bilateral and multilateral agencies. Many existing agencies have a presence and



well-established institutional and operational capabilities. GGGI is an intergovernmental organisation, with Ethiopia being a founding member, sitting council member and having the largest country programme.

GGGI is not a funding organisation that can fund activities on the ground, yet it plays a focused and substantive role in catalysing investment. To operate successfully, GGGI needs to understand and utilize the complementary roles that various government and development partners play. An independent review of the GGGI programme in 2015<sup>15</sup> distinguished development partners as:

- (i) Agencies that provide predominantly technical assistance and policy advice, facilitate knowledge generation and dissemination (e.g. GGGI and CDKN);
- (ii) Agencies that provide technical assistance and grant finance (e.g. UNDP);
- (iii) Agencies that provide a package of technical assistance, grants and loans (e.g. World Bank/IFC and KfW), and;
- (iv) Bilateral donors such as Norway, Germany and DFID that provide largely development assistance in terms of finance, although with some technical assistance being available through secondments (e.g. DFID) or targeted project support (e.g. GIZ).

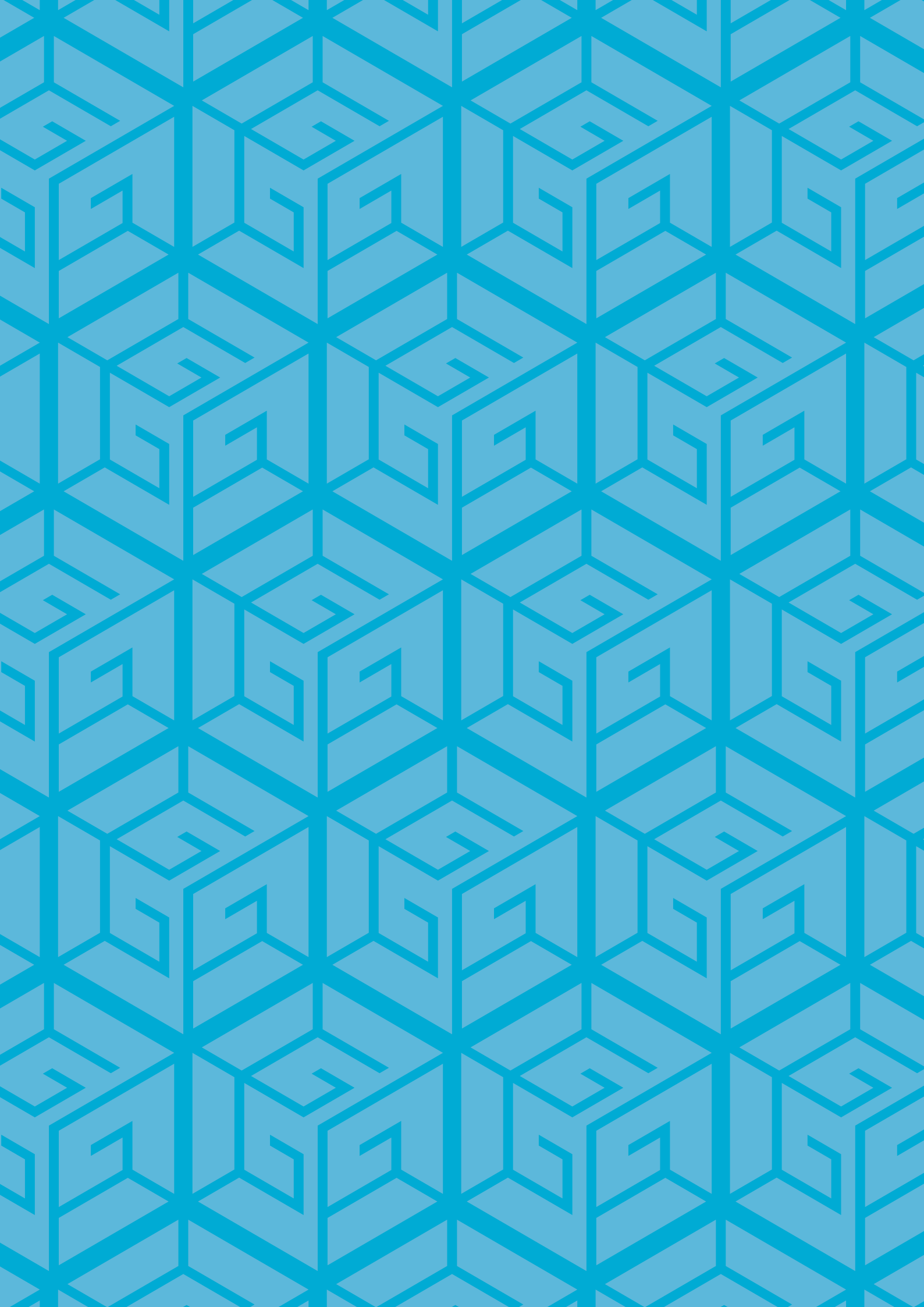
Across these categories, there are a multitude of agencies involved in the CRGE in Ethiopia with large volumes of financial and technical resources available to the FDRE. GGGI estimates that USD \$444 M of currently active initiatives that are already being implemented are broadly related to the CRGE and from over 50 development partners. To put this in perspective, GGGI Ethiopia's budget is around USD 3-4 million per annum. Seen in pure spending terms, GGGI is not a large development partner or technical assistance provider. GGGI's focus is on targeted and tactical interventions that can catalyze its limited investment into wider systemic change.

Typically, development partner support to the FDRE is not wholly or specifically focused on CRGE, rather, support is aimed at increasing capacity within the sectors and on implementation of large projects. However, relatively little of this appears to be targeted directly at building CRGE implementation strategies, tools or capacity development. In other words, most other development partners have significant amounts of finance and some technical assistance, but are not able to provide well targeted or neutral support to the government on achievements of its CRGE related development agenda.

GGGI supports transformative change and implementation of the FDRE's vision of the CRGE. This is done through providing advisory services on strategy and analytics, planning processes, capacity development and increasing investment, project development and vehicles such as the CRGE Facility. The distinguishing features for GGGI in Ethiopia are:

- 'Neutral, unbiased advice' to support Ethiopia's CRGE ambitions.
- Strategic advisory work that spans across core sectors of the economy through embedded advisors with support from global experts (internal and external) giving GGGI a broad horizon scanning that can be used to target its interventions strategically and leverage other development partners efforts.
- GGGI is not a donor: it does not provide ODA financing. This sets it apart for example from DFID and UNDP, who also have embedded advisers in the government. It also distinguishes GGGI from the World Bank, which provides technical assistance but ultimately is focused on the financing of large scale operations.
- GGGI also focuses on developing bankable projects to support green growth, leveraging investment to achieve tangible change on the ground.

<sup>15</sup> Norwegian forward looking midterm review of the Global Green Growth Institute (GGGI) Ethiopia Country Program, 2013-2015 Neil Bird, Mulugeta Mengist Ayalew and Frank Sperling. 2015









# Ethiopia Country Planning Framework Analysis

## CPF development process

The formulation of the GGGI Country Planning Framework for 2016 to 2020 required the examination of issues affecting the ability of the FDRE to pursue inclusive green growth. A critical review of Government priorities and GGGI strategic direction were undertaken to align FDRE development priorities, in-country GGGI priorities and GGGI corporate strategic plan. Primary inputs were gained from in-country dialogues with key stakeholders, in particular government institutions and development partners. Lessons from previous years of CRGE implementation and GGGI's work were considered.

GGGI's Country Planning Framework for Ethiopia (CPF) is aligned with the GGGI's Global Strategic Plan. Its development began with a situational analysis which identified the main challenges and opportunities for green growth across and within sectors. Bi-lateral consultations on potential focus areas for GGGI were held. These consultations between GGGI and representatives from key sectors were used to adjust the situational analysis, refine the definition of sectoral issues, and identify problems common across all sectors.

A workshop was held in Addis Ababa in May 2015, and attended by participants from key sectoral Ministries and governmental agencies. The workshop was officiated by the Minister of Environment and Forest, and participants were invited to prioritize areas for GGGI collaboration. The prioritized areas were subsequently screened by the GGGI country team, selecting only those within GGGI's capacity.

## Structural challenges to Green Growth in Ethiopia and response of GGGI

Several structural transformations are required to build the CRGE. Meeting the CRGE goals can only be achieved through strong and sustained economic growth within a stable macroeconomic framework. Agriculture and industry will act as the main drivers, alongside substantial investment in the provision of quality infrastructure and social services (particularly health and education).

There are structural challenges that may affect the implementation of the CRGE:

- A. **Strategy gaps and lack of appropriate tools for implementation related to the CRGE. For example, there is no implementation Road Map for the CRGE that links directly to the GTP II process.**

While some CRGE related strategies exist, the foundation of the CRGE is focused on analysis of mitigation options (the GE Strategy). Subsequently, Climate Resilience Strategies have been developed ad-hoc and focus on vulnerability and adaptation at the sector level. Moreover, while the INDC states a global commitment to limiting emissions, it does not examine implementation, financing the linkages between sectors and initiatives or provide metrics and targets for CRGE. In other words, there remain gaps in analytical work and in long term implementation planning around the CRGE that clearly links to GTP implementation. Specifically there are gaps in:

- A. Completing the outstanding analytical work such as the CR strategies for some key sectors such as Industry, Trade, Urban Development, Transport and Health.
- B. Review/update the CRGE strategy documents into one comprehensive macro analysis that is in line with the GTP II planning cycle and objectives and can guide sector planning
- C. Setting a baseline of CRGE implementation progress ( with metrics related to planning, finance and implementation) at macro and sectoral/regional levels
- D. Stocktaking of existing initiative and support in and around the CRGE
- E. Understanding knowledge gaps and systematic technical assistance needs
- F. Stepwise planning support for implementation. This should map the steps necessary to implement the CRGE, by linking it the GTP and maintaining its strategic relevance. This will emphasize programmatic approaches and cross sectoral linkages.

Once the above steps are carried out, appropriate implementation focused tools related to the CRGE can be



reviewed and strengthened or developed in areas such as planning, resource management, delivery, and program evaluation. For example, the SRM could be revised in terms of its relevance to GTP planning, the NPC could be provided with appropriate CRGE indicators and M&E systems, MOFEC could be provided tools to track CRGE spending and the MEFCC could be provided tools for managing and maintaining a national emissions inventory to monitor and track emissions.

### **B. Most green growth activities and development initiatives in Ethiopia are developed and implemented at the project level.**

During GTP II implementation, the CRGE should be considered as a set of strategic objectives that will drive better development outcomes across programmes, and not as stand-alone projects outside of core planning and budgeting cycles. If economic transformation in line with the CRGE vision is to happen, this must be integrated into programmatic planning, financing and implementation of the GTP II and beyond. It can be expected that a more programmatic approach to the CRGE will also increase opportunities for co-financing from a variety of sources, as it will bring private sector entities, financial institutions and donors together. Moving toward programmatic large scale planning is starting to happen. There are a handful of examples of large programs being designed and delivered by the government and a host of development partners (for instance, the one WASH, universal electrification, PBS, PSNP etc.).

However, CRGE implementation is still viewed by some stakeholders as a parallel and stand-alone set of projects and activities that are outside the responsibility of core economic planners and financing mechanisms. The systematic integration of green growth relevant information into programme decision making, within new programmes or existing mega programmes, is a challenge. There is a gap in both the coordination of both government, development partners and other stakeholders and in the provision of strategic advice on this agenda.

### **C. Increasing project development and investment in the CRGE**

As Ethiopia moves towards greater economic complexity, beyond agriculture and into industrial manufacturing-based value creation, an important focus will be on mobilizing finance from a diversified and deepened pool

of funding. Funding of the GTP/CRGE should also become less dependent on public investment, but remain under public oversight.

The investment needs are high, but current scale of investment and the role of private sector finance is limited. In this sense, investments need to be made more efficient and focus on leveraging and crowding in additional funding sources. Limited public finance needs to be prioritized, well targeted and programmed to achieve high impact and to leverage, catalyzing a shift towards private investment.

Ethiopia is an attractive investment destination, with large national and regional markets, cost competitive labor and cheap and renewable electricity. FDI is increasing dramatically, and the business and investment environment is improving. Even so, there is space for improvement in the regulatory and legal environment, banking sector and access to finance and trade logistics. The domestic private sector is vibrant, but remains small and suffers from constrained access to capital and foreign exchange, skills, technology and poor trade-logistics. The export orientation of the economy and increasing value of exports a core target of the GTP II, but in the last decade export diversity has suffered and exports are concentrated in a small number of primary sectors and an extremely small number of larger firms. Unlocking the potential of the private sector to invest, diversify and access finance should be a priority short term focus, particularly for export-orientated business, industrial inputs and services and agro-processing.

Development partners' use of public capital and investment to bring down risk and improve the clarity of potential investments can go some way to increasing investment and in crowding-in other sources of funding. For example investment in renewable power production. The potential of the sector is vast; power can be produced cheaply, profitably and with available technology, domestic demand and export markets exist and are increasing. The early stages of developing such schemes are costly and involve high risk. Focused investment at this stage of the project development cycle can play a role in developing an investment case showing the costs and potential returns. Major economic sectors (Agriculture, Energy, Trade and Industry) should make efforts to provide detailed and well packaged information, data and policy clarity in order to attract investment. Improving sector planning and bringing a pipeline of viable and high quality CRGE investments to pools of capital will increase the scale and types of funding

available to Ethiopia for implementation. There is an opportunity to identify and develop 'bankable' investments. There are limited large investments being funded. Because the barriers are high, there is ample scope for reducing risk and increasing investment.

#### **D. Upscaling the CRGE Facility in terms of programme management, resource management and private sector engagement.**

The CRGE Facility is relatively young, and its operational modalities to date have been project focused and mainly based on development partner grant funding. The future role and mechanisms of the CRGE Facility to play this critical role should be supported to enable it to play a larger role in:

- Coordinating CRGE resource mobilisation efforts, particularly climate finance and ODA;
- Integrating itself with the public financial management systems of the FDRE;
- Developing pipelines of investable programmes, matching funds and available funding instruments with investment needs;
- Complementing existing financing mechanisms, such as through the development bank of Ethiopia, to leverage funds and maximise impact, and;
- Engaging with the private sector to leverage funds and support private sector participation in CRGE implementation.

In other words, the measure of performance must go well beyond the amount of finance mobilised. As the Facility develops further it should move to be integrated with the broad public financial management systems of Ethiopia, using fund tracking, reporting and accounting systems, it will also support programmatic planning of its investments, linking them with large implementation programmes and consider innovative instruments such as private sector loan guarantees or top up payment and payment for results to incrementally shift these existing delivery mechanisms toward a 'greener' implementation patterns.

#### **E. Alignment of efforts and support around the CRGE to targets critical gaps in capacity**

The CRGE was, until 2015, a high level political vision where the mechanisms for its implementation were unclear. It is now a cross-cutting pillar of the GTP II and is a strategic and operational objective of the government. Capacity within the government, and within development

partners, to understand the implication of the CRGE across the economy and how it will be implemented is a major hurdle in implementation.

Addressing capacity gaps is a systemic challenge to CRGE implementation, related to policy making, planning, delivery, evaluation, incentives, work place development and a range of other issues. There is firstly a need to clearly define what the CRGE is and build a common understanding of it among stakeholders: translating a high level vision into a set of operational targets and guidelines that can be used by decision makers and operational personnel. The functions and capacities required to operationalize the CRGE in different institutions and assess where gaps are most critical. A program to address critical gaps and assess progress over time would be beneficial. It can also support coordination of approaches between sectors and development partners.

Capacity development activities undertaken can then be framed with broader understanding of the challenges faced and targeted at core gaps. The skills and knowledge of a CRGE implementation cadre at sector level could then be developed and cascaded down to other levels of government over time. This would introduce a comprehensive understanding of the process from design to implementation within the government. GGGI has started the implementation of a National Capacity Development Programme (2016-2020), under this, in 2015 we have:

- Defined core capacities required for CRGE implementation in planning, resource management, implementation and delivery and evaluation and learning.
- Developed a capacity baseline on capacity gaps at federal, regional and woreda levels by 2016.
- Mapped development partner activities and assess gaps and synergies by 2016.
- Developed a menu of capacity development options relevant for targeted ministries and identified gaps by 2016.
- Developed a costed investment plan for the FDRE to implement the NCDP by 2020.

The ministries, which will be covered under the capacity development framework are – Ministry of Water, Irrigation and Energy (MoWIE), Ministry of Agriculture (MoA), Ministry of Environment, Forest Development and Climate Change (MEFCC), Ministry of Urban Development, Housing and Construction (MUDHCo), Ministry of Transport (MoT) and Ministry of Industry (MoI).



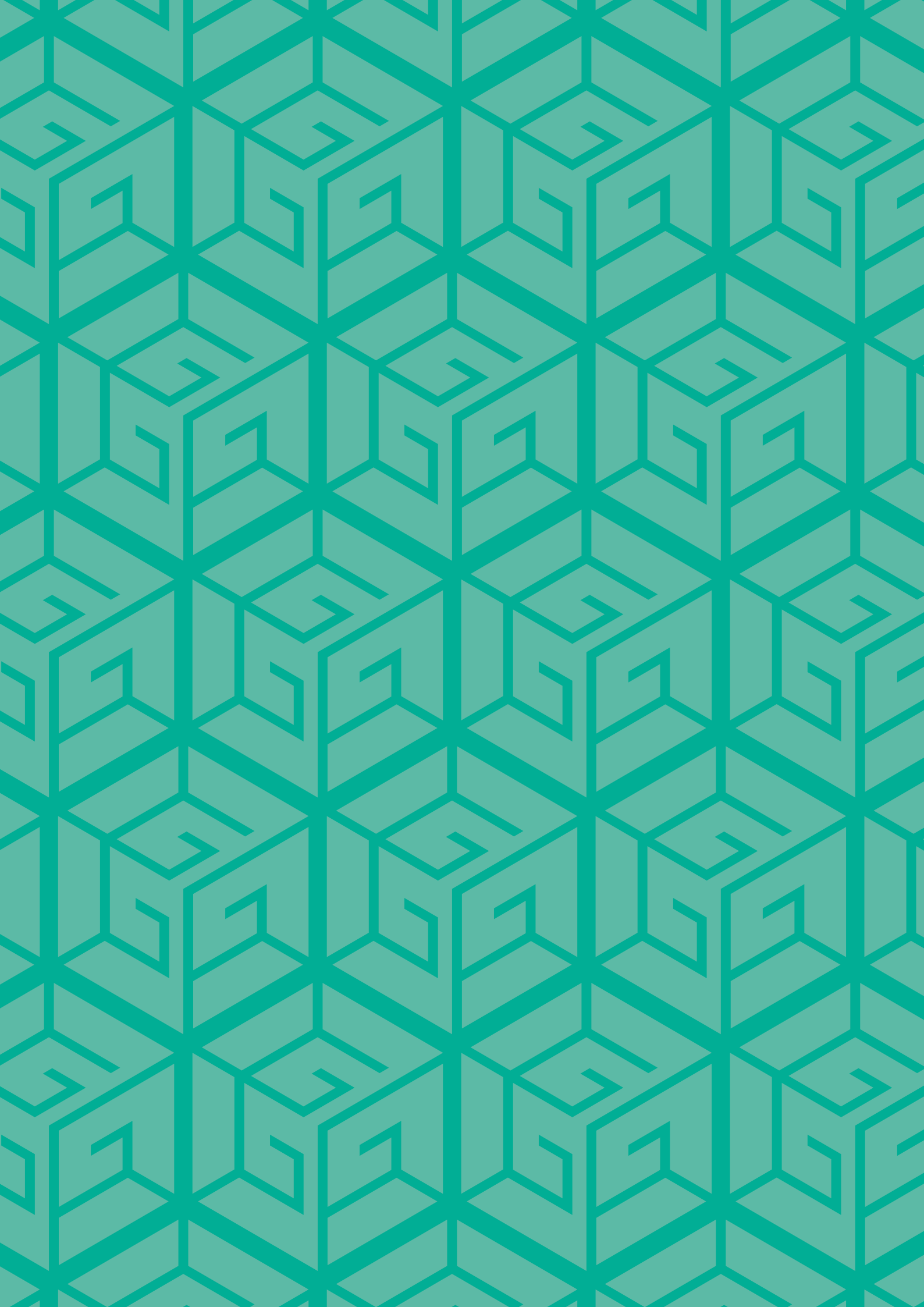
This programme will be implemented from 2016 onwards involving a wide range of partners and government institutions.

### F. Knowledge development and evidence based decision making.

Decision making in the CRGE must be supported by robust evidence, research and policy analysis. There is a need to create and support a solid domestic evidence-base for

decision makers in Ethiopia, with high quality research and analytical outputs. There are gaps in domestic long term research capability, knowledge/data depository services and the analysis and interpretation of information, particularly related to climate and development. There is scope to promote policy change through innovation, capacity development, research and analysis to support evidence-based decision making and knowledge sharing (gathering evidence, best practices and dissemination).









# Strategic response

## Indicative results of the CPF 2016-2020

The expected impact of the CPF is to:

***Contribute to transformational change in Ethiopia towards a Climate Resilient Green Economy.***

This is aligned with the FDRE objectives. To achieve this, GGGI will provide strategic and technical advice across federal level institutions (and some regional institutions), focused on strengthening planning, capacity and delivery of CRGE. In doing so, GGGI will address the structural challenges through 6 outcomes.

**Outcome - A: Implementation road map with appropriate tools for integration and mainstreaming of CRGE within the GTP II developed.**

**A.1. Develop an implementation Roadmap for the CRGE in 2016.** This will be developed in partnership with and delivered to MEFC and include a stock taking of strategies, policies and implementation progress, economic analysis of pathways and costs and defining roles of institutions. This will take the form of stepwise planning support for implementation. This should map the steps necessary to implement the CRGE, by linking it the GTP and maintaining its strategic relevance. This will emphasize programmatic approaches and cross sectoral linkages. Where additional analytical work is required, we will discuss with funding partners on options.

**A.2 Baseline development for CRGE implementation progress (with metrics related to planning, finance and implementation) at macro and sectoral/regional levels.** GGGI will review the existing implementation tools such as the Sectoral Reduction Mechanism (the SRM – a MEF planning tool for CRGE) for coherence with the GTP and the CRGE implementation plan. The review will set an implementation baseline with various measures and highlight areas that can be strengthened in terms of tools and institutional mechanisms. To do this we shall contract specialists and work through embedded

advisors, calling upon GGGI HQ expertise, and experts from within the responsible government teams. GGGI will then offer practical advice on areas of improvement and, if asked to do so, draft policies as an input for government decision makers.

**A.3 Develop Climate Resilience Strategies for Industry, Trade, Urban Development, Transport and Health.**

**A.4 Review/update the CRGE strategy documents into one comprehensive macro analysis that is in line with the GTP II planning cycle and objectives and can guide sector planning.**

**A.5. Stocktaking of existing initiative and support in and around the CRGE and understanding of the knowledge gaps and systematic technical assistance needs.**

**A.6 Develop implementation focused tools for CRGE implementation** in response to identified gaps including GHG emissions inventories, Environmental risk assessment tools and M&E tools for the National Planning Commission and Environmental and Social Safeguards Framework (ESSF) for GGGI to structure its engagement within CRGE implementation and manage programming priorities and risk for GGGI. \*

At the sector level GGGI will work with sector ministries in the design of sector specific tools and systems for use in green growth planning and implementation in the Ministry of Finance and Economic Cooperation, Ministry of Agriculture and Natural Resource Development, Ministry of Animal and Fish Resources, Ministry of Industry, Ministry of Urban Development and Housing, Ministry of Construction, Ministry of Water, Irrigation and Electricity and the Ministry of Environment, Forest Development and Climate Change. While discussions will continue on the strategic relevance and specific nature of the tools to be developed, this will be determined through an annual work planning process.

\* These are gaps identified by the MEFC that will be discussed and deliberated in 2016 as to the clear rationale of GGGI undertaking this work and tangible outcomes.



### **Outcome - B: Improved programmatic planning and delivery of the CRGE in 8 federal line ministries.**

GGGI advisors will also work directly with sectors to investigate strategic challenges and programmatic responses, including:

**B.1. Develop a REDD+ strategy and action plan,** including guidelines on participatory forest management, the implementation of afforestation/reforestation (including degraded and rangelands) and implementation manuals for REDD+.

**B.2. Develop guidance for the integration of Climate Smart Agriculture** into the three large scale Agriculture programs - AGP, SLMP and PSNP.

**B.3. Support the implementation the Livestock Investment Plan** through embedded advisors within MoANRD on resource mobilisation, stakeholder coordination, planning and operational guidance.

**B.4. Develop CRGE-related policy and strategy documents for industrial park development** and urban planning for the Ministries of Industry and Trade and Urban Development.

**B.4. Develop a strategy for sustainable transport systems** with low emission potential and improved safety for the Ministry of Transport.

**B.5. Develop green building codes** to supporting the Ministry of Urban Development Housing and Construction.

**B.6. Develop a roadmap for the delivery of a sustainable power sector.**

**B.7. Study enhancements to early warning system** and make recommendations for implementation across sectors.

### **Outcome - C: Increased project development and investment in the CRGE**

Under this outcome detailed investment proposals for government priorities including private sector financing will be developed with GGGI support. GGGI does not have bias for technology or sector; the sectoral/investment focus of investments will stem from discussions with the government and the feasibility of investments that emerges from the prioritization exercise in our annual programme planning cycle. Specifically we will:

#### **C.1. Develop strategic prioritization of projects for private sector investment.**

Using the Roadmap (outcome A.1) as a basis, GGGI will conduct an analysis of the priority investment options across sectors (including sectors such as Agriculture, Industry and Trade, Water and Energy, Industrial parks, Transport and Environment and Forest) and investigate the potential opportunities for private investment within the sector where relevant. This will be linked to the CRGE implementation road map in Outcome 1 and the detailed sectoral analysis in Outcome 2. This analysis will detail the types of investment to be prioritised, the scale of required investment within sectors and a shortlist of options available.

#### **C.2. Develop bankable investments for CRGE and GTP-II implementation.**

Detailed investment proposals for government priorities including private sector financing will be developed. The sectoral/investment focus of investments will stem from discussions with the government and the feasibility of investments that emerges from the prioritization exercise in our annual programme planning cycle. Investment proposals will detail the economic and financial case for, a set of, or individual, investments. This will depend on the nature and scale of the investment and will include, but will not be limited to; scoping studies, pre-feasibility studies, feasibility studies, policy and regulatory assessments/reviews, assessment of funding needs and potential funding structures, reporting and monitoring structures, assessment of potential funding sources and requirements and brokering support to reach financial close. Our approach to developing the proposals will be to work with and identify the relevant government partners (e.g. the Ethiopian Investment Commission), establish a team of persons responsible with clear roles and responsibilities, work with counterparts to scope investments and engage government specialists. GGGI will then work with stakeholders to assign an indicative budget, from GGGI and other relevant stakeholders, and develop a timeline and project plan. GGGI will work closely with GGGI internal units such as GIS, KS and external specialists to provide a package of appropriate services to deliver. In-country support will be provided by relevant advisors who will provide problem solving, quality assurance and technical backstopping support as and until investment are determined to be ready. This approach will enhance the performance of sectoral ministries in the development of such proposals in the future. GGGI will be assessed on the number of bankable projects entering the pipeline and the quality at entry

and the number of investments taken up for investment and the role of private sector investment/finance in the investments by 2020.

**Outcome - D: Advisory services on programme management, resource and private sector engagement for the CRGE Facility.**

**D.1. Develop a CRGE Facility resource management strategy and plan and advisory services for the CRGE Facility on programme and resource management** (defined in annual work plan)

GGGI will develop a strategy for the CRGE Facility to manage and mobilise resources. An integrated resource management framework will be developed to support the Facility in mobilising additional funds and deploying those funds effectively. This will include scanning of funding options, economic appraisal and assessment tools for proposed investments to maximize impact, options and approaches to performance related payments to existing or planned large scale programmes and integration with public financial management and reporting systems. GGGI will evaluate its success in terms of the reflection of the plan in operational manuals and the amount of climate finance in the Facility (value, number of sources and types of funding available) and in resource deployment (value, type, number of institutions, average programme size, leverage and co-finance achieved) and the results of the investment made by the Facility over time.

The Facility is undergoing a rapid period of expansion. Attracting new resources and managing resources that are secured is a priority. Demonstration of performance unlocks further investment. GGGI will provide long term advisory services to the CRGE Facility on management of programmes on work plans and on resource management, this will specifically focus on leveraging the impact of Facility investment and integrating the Facility with public financial management systems.

**D2: Advisory services for the CRGE Facility private sector engagement** (defined in annual work plan)

The Facility is currently developing the private sector engagement strategy, with the support of GGGI, which should be finalized by the end of 2015. This strategy will detail the institutional options for engaging with the private sector, and rationalize and detail public financing instruments that can reduce investment risks for the private sector, such as guarantees or grants through the Development Bank of Ethiopia. GGGI will work with the CRGE Facility to implement the strategy and measure

its impact through the scale, type and co-financing, including leverage ratios, achieved through private sector investment and the use of climate finance.

**Outcome - E: Capacity and performance of federal/ sub-national governmental institutions for achieving systemic transformations towards CRGE is improved.**

To support the development of capacity to implement the CRGE, GGGI will deliver the NCDP implementation plan to the government. In the next phase of the NCDP (under this CFP) i.e. from 2016 onwards, GGGI will:

**E.1. Develop and deliver a defined number of trainings within GGGI's capabilities at federal and regional level by 2020.**

**E.2 Provide independent evaluation support to track progress, knowledge and capacities over time by 2016.**

**Outcome - F: Evidence and knowledge development on green growth.**

Decision making in green growth planning and implementation requires sound research and policy analysis and a rich base of evidence. GGGI will critically assess the evidence-base around the CRGE or decision making and promote innovation and policy-relevant research in government agencies and other partners, which will stimulate change by generating and testing policy ideas. GGGI will:

**F.1. Identify gaps in the evidence base and research agenda within Ethiopia.**

**F.2 Translate findings (F.1) into a research agenda related to CRGE implementation by 2016 to target knowledge/ research gaps related to the CRGE.**

**F.3. Identify partners/agencies/institutions that are suited to implement the relevant research agenda.**

## Mapping planned outcomes

GGGI strategic outcomes and indicative outputs are mapped in the table on the next page. This illustrates how they are aligned with the strategic priorities of the Federal Democratic Republic of Ethiopia and the GGGI's thematic themes and value chain.



Table: Mapping of CPF Strategic Outcomes and Indicative Outputs

CPF Strategic Response			Strategic Priorities of the Federal Republic of Ethiopia	GGGI Thematic priority	GGGI Value chain
Impact: Contribute to transformational change in the Ethiopia towards a Climate Resilient Green Economy.					
Strategic Outcomes		Indicative Outputs			
A	Implementation road map with appropriate tools for integration and mainstreaming of CRGE within the GTP II developed	A.1. Develop an implementation Roadmap for the CRGE in 2016. A.2 Baseline development for CRGE implementation progress (with metrics related to planning, finance and implementation) at macro and sectoral/regional levels. A.3 Develop Climate Resilience Strategies for Industry, Trade, Urban Development and Transport. A.4 Review/update the CRGE strategy documents into one comprehensive macro analysis that is in line with the GTP II planning cycle and objectives and can guide sector planning A.5. Stocktaking of existing initiative and support in and around the CRGE and understanding of the knowledge gaps and systematic technical assistance needs A.6 Develop implementation focused tools for CRGE implementation	High priority	Cross-cutting	Cross-cutting
B	Improved programmatic planning and delivery of the CRGE in 8 federal line ministries.	B.1. Develop a REDD+ strategy and action plan, including guidelines B.2. Develop guidance for the integration of Climate Smart Agriculture B.3. Support the implementation the Livestock Investment Plan B.4. Develop CRGE-related policy and strategy documents for industrial park development B.4. Develop a strategy for sustainable transport systems with low emission potential and improved safety for the Ministry of Transport B.5. Develop green building codes to supporting the Ministry of Urban Development Housing and Construction B.6. Develop a roadmap for the delivery of a sustainable power sector B.7. Study enhancements to early warning system and make recommendations for implementation across sectors	Priority		
C	Increased project development and investment directed toward the CRGE	C.1. Develop strategic prioritization of projects for private sector investment. C.2. Develop bankable investments for CRGE and GTP-II implementation.	Priority	Cross-cutting	Design, financing and implementation
D	Improved programme management, resource management and private sector engagement for the CRGE Facility	D.1. Develop a CRGE Facility resource management strategy and plan and advisory services for the CRGE Facility on programme and resource management (defined in annual work plan) D2: Advisory services for the CRGE Facility private sector engagement ((defined in annual work plan)	Priority		
E	Capacity and performance of federal/ sub-national is improved	E.1. Develop and deliver defined number of trainings relevant to GGGI at federal and regional level by 2020 E.2 Provide independent evaluation support to track progress, knowledge and capacities over time by 2016	High priority	Cross cutting	Design, financing and implementation
F	Knowledge/ evidence development and sharing	F.1. Identify gaps in the evidence base and research agenda F.2 Translate findings (F.1) into a research agenda related to CRGE implementation by 2016 to target knowledge/research gaps related to the CRGE. F.3. Identify partners/agencies/institutions that are suited to implement the relevant research agenda.	Priority	Cross-cutting	Sector/ Sub-sector strategy and planning (i.e. policy and institutions analysis)

## Gender equality, and environmental and social safeguards

The FDRE frames all development initiatives including the GTP as being both pro-poor and socially inclusive. Poverty reduction, social inclusion and gender equality are all explicit core cross cutting themes of the GTP, and the CRGE is a complementary component of this. Government policies support the promotion of gender equality, while the National Gender Action Plan provides the framework for mainstreaming gender issues, including; economic empowerment; education and training; reproductive rights, and institutional mechanisms for gender mainstreaming<sup>16</sup>.

As such, the GTP can be considered as gender sensitive with a strong focus on poverty reduction through broad based and rapid economic growth. The FDRE has clear and internationally recognized ambitions, targets, and goals for gender, and has environmental and social safeguarding embedded within its policy framework. Indeed, with the support of the World Bank, an Environment and Social Safeguards Framework (ESSF) has been developed using the Ethiopian policy legal framework as an underpinning instrument for CRGE related investments and the work of the CRGE Facility. Moreover, there are other safeguards mechanisms either in place or under development such as the Sustainable Land Management Program (SLMP) and REDD+ program, from which experiences can be drawn for a coordinated effort in safeguarding the Ethiopian environment and people from potential negative impacts of rapid economic growth.

This Country Planning Framework (CPF) supports the GTP and a definition of green growth that simultaneously achieves poverty reduction, social inclusion, environmental sustainability and economic growth. The CPF therefore reflects principles and practice of safeguarding the environment and people and promoting gender equality and social inclusion (GESI). Through its support, GGGI will directly and in-directly enhance the capacity of core ministries and stakeholders to enable a favorable institutional and policy environment for mainstreaming environmental and social safeguards, gender equality and social inclusion. As such, GGGI Ethiopia is expected to support the FDRE in strengthening

its current GESI, poverty reduction and safeguards mainstreaming strategy, and these components are included in the result matrix and implementation roadmap - both at the outputs and activities level.

## Alignment to Sustainable Development Goals

Global efforts are underway to formulate a new post-2015 development agenda. The Sustainable Development Goals (SDGs) will influence the development priorities of states for the next 10–15 years. As such, it will have implications for framing Ethiopia's development strategy and, by extension, this CPF. Throughout the implementation of the CPF, GGGI will maintain a focus on the SDGs, including the goals related to poverty reduction, sustainable growth, climate action, the promotion of peace and responsive governance.

Outcome A and B, C and D of this CPF will contribute towards Sustainable Development Goals (SDGs) 1 (to end poverty), 7 (to “Ensure access to affordable, reliable, sustainable, and modern energy for all”), and 9 (to “build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation”). GGGI Ethiopia aims to work with the Federal Democratic Republic of Ethiopia in building infrastructure and retrofit industries in order to make them sustainable, with increased resource-use efficiency and a greater adoption of clean and environmentally sound technologies and industrial processes.

Outcome B and D of the CPF contributes directly towards SDG 6 (to “Ensure availability and sustainable management of water and sanitation for all, increasing water productivity and adopting sustainable production and consumption patterns to meet the world's projected future demands”) and SDG 12 (to “Ensure sustainable consumption and production patterns”).

All outcomes of the CPF are related to SDG 13 (to **limit climate change**), as the CPF aims to collaborate with the Federal Democratic Republic of Ethiopia in building a climate resilient economy with robust climate change mitigation and adaptation action.

<sup>16</sup> Norwegian forward looking midterm review of the Global Green Growth Institute (GGGI) Ethiopia Country Program, 2013-2015 Neil Bird, Mulugeta Mengist Ayalew and Frank Sperling. 2015



### Operating model

To provide oversight to GGGI Ethiopia, a new governance structure will be established to ensure all interventions are strategic, influential and accountable to governmental partners, donors and the GGGI Council. This will also ensure that it is aligned with the FDRE ambitions and needs.

The GGGI country office, is supported by global teams at headquarters and other country offices. In country, GGGI is led by a country representative and comprises a team of advisors, administration and office management staff.

GGGI will directly engage with both enabling institutions such as MOFEC, MEFC and the National Planning Commission and CRGE relevant sectors and ministries. This intervention will be targeted at a strategic decision making level and encompass all aspects of green growth, but particularly economic development. In doing so, the GGGI will add value to, and be aligned with, the core development ambitions of Ethiopia.

GGGI will work under an organizational partnership with the FDRE. This support will be long-term, focused on the core structural barriers we have assessed. At the same time it must maintain some flexibility, and adapt to and respond directly to shifting demands.

GGGI support will be provided at the right level (meaning directly to decision makers rather than exclusively implementing levels). At the center of our approach will

be building and transferring capacity to the Government counterparts, this is done both through the provision of dedicated training modules (delivered through programmes such as the NCDP) and the delivery model of outputs (working within and through government teams on agreed outputs).

GGGI will utilize a combination of embedded advisors, specialists across GGGI and other development partners or external contractors. GGGI Ethiopia will work with the FDRE, and MEFC as our primary stakeholder. GGGI will also work closely with other development partners to ensure support is coordinated.

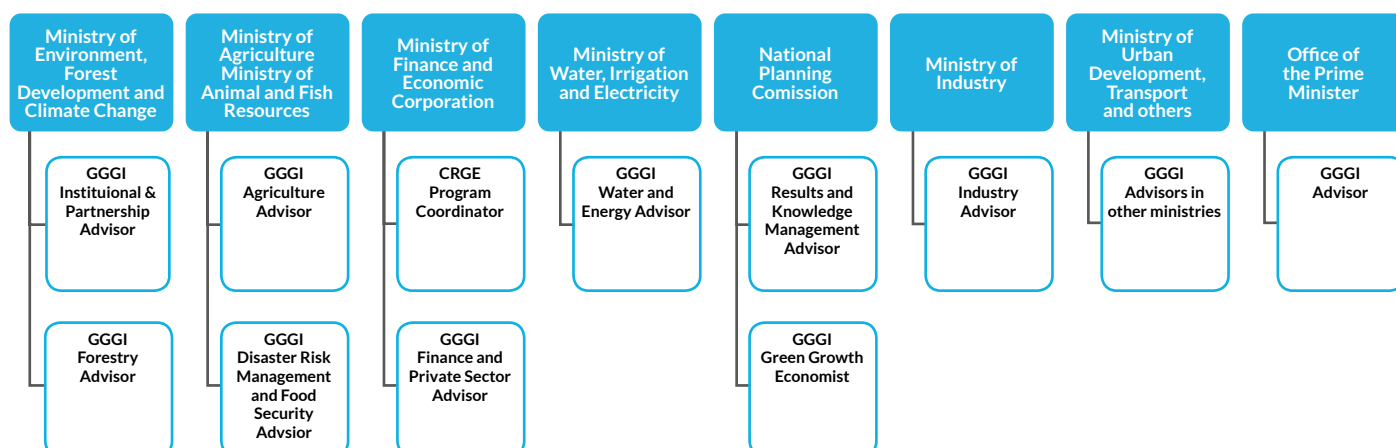
The GGGI country office will tap into GGGI Headquarter GIS and KS knowledge and skills and utilise GGGI's extensive international partnerships and knowledge networks.

To undertake this ambitious programme, GGGI Ethiopia will undertake a critical review of the staffing/technical needs to deliver on the CPF in the first 3 months of 2016 and implement the recommendations or structure immediately thereafter.

### Experts and Advisors

Senior experts/advisors will primarily support the MEFC and relevant core ministries.

Structure and indicative support areas of GGGI Ethiopia



## Strategic Review Panel

In order to set the strategic direction and achieve results, GGGI Ethiopia's program will have a Government-led oversight platform. A **Strategic Review Panel** will be established to:

- Guide GGGI's strategic direction and setting high-level priorities.
- Make decisions on strategic issues concerning planning and delivery, and
- Facilitate engagement and partnership with government and development partners.

The **Strategic Review Panel** will be led by the Minister of Environment, Forest Development and Climate Change, with membership at Prime Minister's Office level drawing from key figures at the center of Government. Existing government-led committees, working groups and other planning and review mechanisms will be used to provide inputs to the strategic review panel.

### Program Management Tools:

The CPF proposes the following approach and key program management tools:

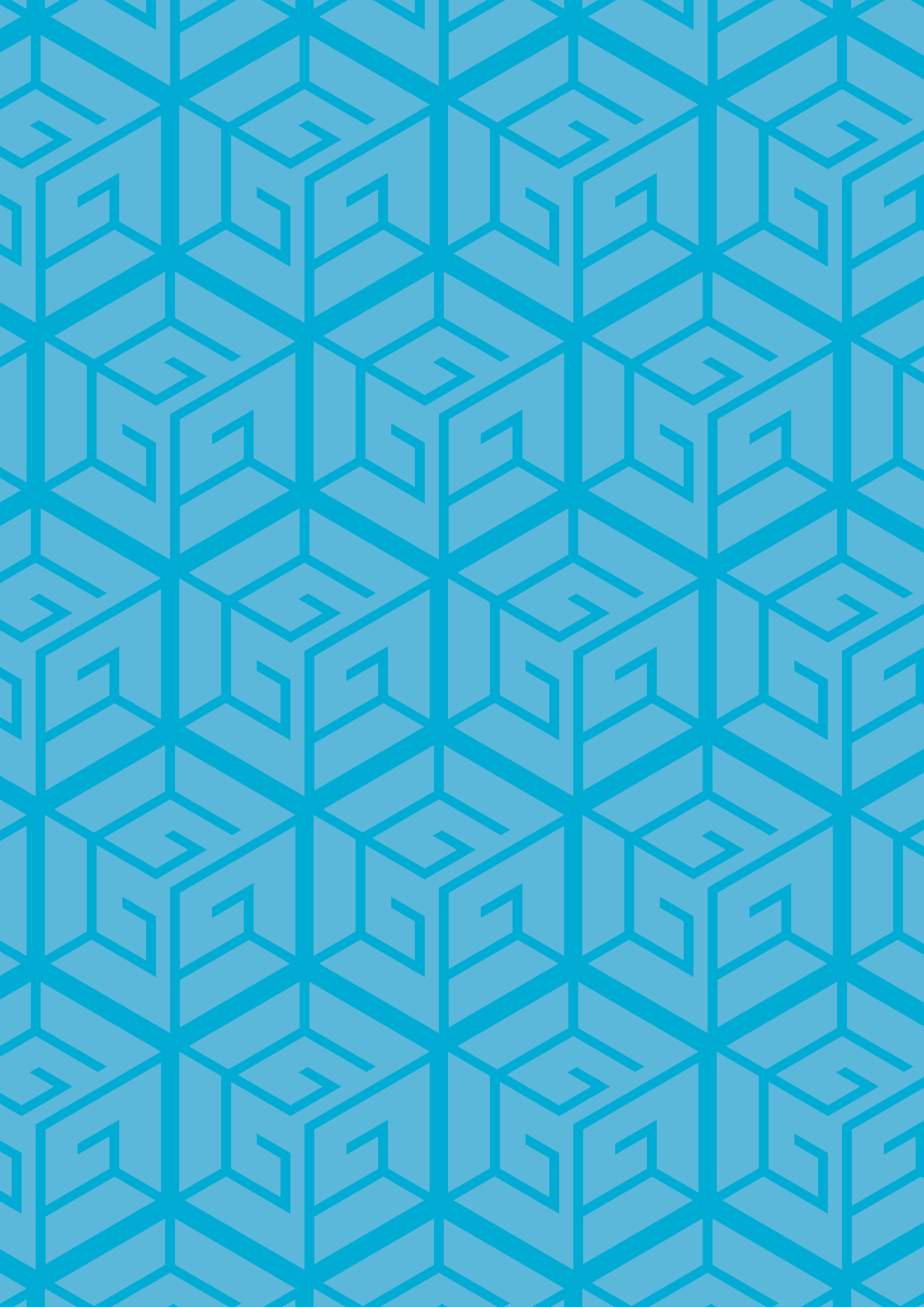
Tool	Function	Owner	Approver	Frequency
<b>GGGI Ethiopia Results Chain</b>	Sets strategic direction of program by defining harmonized impacts and outcomes. Should be broad and define the results targeted over the lifetime over the program.	GGGI	Strategic Review Panel.	Agreed at the start of the program and reviewed annually.
<b>Annual Work Plan</b>	Structures the GGGI Ethiopia team's response to achieving the result chain and result matrix. Sets Outputs and high-level activities to achieve the outcomes and impact.	GGGI	Minister of Environment, Forest Development and Climate Change with inputs from Sector Ministers.	Agreed at the start of the Ethiopian fiscal year (July). Reviewed every 6 months.
<b>Terms of References (ToRs)</b>	Specific details of activities to ensure work is results-driven and time-bound. These are owned by GGGI advisers to give them the flexibility to respond to changing contexts and demands within the Federal Democratic Republic of Ethiopia – within the strategic context of the GGGI-result chain and work plan.	Sector Advisors	GGGI	Agreed in real time and progress reviewed monthly.

## Initiatives beyond CPF Results Matrix

The Country Planning Framework (CPF) is developed in consultation with key ministries under the overall coordination of the MEFCC, with inputs from relevant stakeholders. It is therefore understood as a framework for the full range of activities to be supported by GGGI Ethiopia during the period 2016 to 2020. This not only promotes greater coherence of GGGI in Ethiopia, but also supports the Federal Democratic Republic of Ethiopia in developing and managing CRGE related initiatives, with defined activities and outcomes. The activities of the CPF are aligned with financial resource allocation, with clearly defined milestones (ref. section. 4.6).

It is, however, open to change and flexibility, under the guidance of the Strategic Review Panel, so as to be responsive to emerging needs and changes in circumstance. For example, in the event of a disaster, emergency or urgent development needs, additional financial support may be mobilized outside the scope of this CPF of GGGI Ethiopia.





# Acronyms

<b>AIDS</b>	Acquired Immune Deficiency Syndrome	<b>MOANRD</b>	Ministry of Agriculture and Natural Resource Development
<b>BAU</b>	Business As Usual	<b>MoAFR</b>	Ministry of Animal and Fish Resources
<b>CPF</b>	Country Planning Framework	<b>MoUDH</b>	Ministry of Urban Development and Housing
<b>CO<sub>2</sub></b>	Carbon Dioxide	<b>MoC</b>	Ministry of Construction
<b>CRGE</b>	Climate Resilient and Green Economy	<b>MDG</b>	Millennium Development Goals
<b>CSA</b>	Central Statistical Agency	<b>MEFCC</b>	Ministry of Environment, Forest Development and Climate Change
<b>OC</b>	Degree Celsius	<b>MOFEC</b>	Ministry of Finance and Economic Corporation
<b>DRR</b>	Disaster risk reduction	<b>MoWIE</b>	Ministry of Water, Irrigation and Electricity
<b>ETB</b>	Ethiopian Birr	<b>MW</b>	Megawatt
<b>EDRI</b>	Ethiopian Development Research Institute	<b>MIC</b>	Middle income country
<b>ECRC</b>	Environmental and Climate Research Centre	<b>Mt</b>	Metric tonnes
<b>EEFRI</b>	Ethiopian Environmental and Forest Research Institute	<b>NAMA</b>	Nationally Appropriate Mitigation Actions
<b>EU</b>	European Union	<b>NAP</b>	National Adaptation Plans
<b>EPA</b>	Environmental Protection Agency	<b>PASDEP</b>	Plan for Accelerated and Sustained Development to End Poverty
<b>ESSF</b>	Environmental and Social Safeguards Framework	<b>PSNP</b>	Productive Safety Net Program
<b>FDI</b>	Foreign Direct Investment	<b>REDD</b>	Reducing Emission from Forest Destruction and Degradation
<b>FDRE</b>	Federal Democratic Republic of Ethiopia	<b>SDG</b>	Sustainable Development Goals
<b>FTI</b>	Fast Track Investment	<b>SDPRP</b>	Sustainable Development and Poverty Reduction Program
<b>GCF</b>	Green Climate Fund	<b>SNNPR</b>	The Southern Nations, Nationalities and People's Region
<b>GDP</b>	Gross Domestic Product	<b>UNDP</b>	United Nations Development Program
<b>GESI</b>	Gender Equality and Social Inclusion	<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>GERD</b>	Grand Ethiopian Renaissance Dam	<b>USD</b>	US Dollar
<b>GGGI</b>	Global Green Growth Institute	<b>USA</b>	United States of America
<b>GHG</b>	Greenhouse Gas Emission	<b>WASH</b>	Water, Sanitation and Hygiene
<b>GTP</b>	Growth and Transformational Plan		
<b>GVA</b>	Gross value added		
<b>GWh</b>	Giga Watt Hours		
<b>HIV</b>	Human Immunodeficiency Virus		
<b>INDC</b>	Intended Nationally Determined Contribution NPC National Planning Commission		











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