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## **Ethiopia and the EU**

EU Relations with Ethiopia

### **Political relations**

The relations between the EU and Ethiopia are founded on the Cotonou Agreement, its Articles 8 to 13 define the bilateral political dialogue between the two parties, as well as in a set of other conventions and political commitments. The EU and Ethiopia look back on 42 years of constructive bilateral relations in areas as diverse as development cooperation, trade and economic development, consolidation of democratic institutions, regional peace and security and migration. Ethiopia is one of the EU's important partners on the African continent, active in regional peace and security as well as on thematic international debates such as climate change.

Against this background, the EU and Ethiopia decided to enhance the level of the partnership. On 14 June 2016, H.E. Prime minister Hailemariam Desalegn of Ethiopia and H.E Jean-Claude Juncker, European Commission President signed a Joint Declaration towards an EU-Ethiopia Strategic Engagement. This commits both sides to an annual Ministerial Meeting and six sectoral dialogues: Governance and Human Rights; Regional Peace and Security; Countering Terrorism and Violent Radicalisation; Migration; Social and Economic Development, Investment and Trade; and Climate Change and Environmental Cooperation.

In this engagement the two sides also affirm their commitment to the fundamental principles of sustainable development, democracy, human rights, good governance and the rule of law; regional cooperation and integration. Moreover, the two sides intend to enhance their cooperation to maintain the dynamic economic growth and the ambition of Ethiopia to join middle income countries on the basis of green and inclusive economic growth.

### **Joint programming**

There are presently 21 EU Member States represented in Ethiopia, in addition to the EU and like-minded partners, such as Norway and Switzerland, constituting the EU+ group. In recent years, the EU+ group disbursed annually around € 1 billion of ODA, equivalent to roughly a quarter of total external aid to Ethiopia and can reach up to 10% of the country's annual federal budget in certain years. In this context, joint programming is not only about aid effectiveness, but most importantly, has a strong political dimension and is one of the instruments in support to the implementation of the wider EU-Ethiopia strategic engagement.

Ethiopia has been, since 2010, a pilot country for the fast-track initiative on division of labour and one of the aid effectiveness pilot countries since 2011. The EU institutions along with the 20 EU Member States then represented in Ethiopia and Norway (EU+) jointly analysed the national development plan of Ethiopia for the 2011-2015 period (the Growth and Transformation Plan) and signed in 2013 a EU+ Joint Cooperation Strategy for Ethiopia. A 3-year roadmap 2013-2015 was formulated with the aim to complete the missing elements for a full joint programme includes the identification of several pilots in the sectors of resilience, nutrition, health, migration, gender, and the environment, for which joint strategic analyses, joint mapping and joint operations were prepared. In addition, the implementation of actions from EDF funds was delegated to EU Member States to increase the division of labour. The EU, its Member States are working on working towards concluding a Joint Cooperation Strategy EU+ - Ethiopia for the period 2017 to 2020.

## **Development and cooperation**

The European Union supports the efforts of Ethiopia to eradicate poverty, to foster inclusive and sustainable economic, social and environmental development while promoting human rights, democracy, and other elements of good governance. Development aid further contributes to increased cooperation and dialogue in the main areas of mutual interest, as identified in the EU-Ethiopia strategic engagement. Furthermore, European solidarity is being effectively and visibly ensured through rapid help and relief assistance to Ethiopian populations affected by crises.

### **EU development cooperation support to Ethiopia exceeds € 2 billion for the period 2014-2020 and rests on five pillars:**

1. Programmable development aid from the European Development Fund - EDF (currently 10th and 11th EDF), amounting to more than € 1 billion in programmes under implementation or in preparation for the period 2014-2020 in four areas of concentration: Agriculture and food security, Health, Transport and energy, and Governance;
2. Non-programmable development aid from the different EU thematic instruments, such as civil society, democracy & human rights, stability & peace, global funds and other facilities;
3. Projects funded by the EU Trust Fund for Africa addressing the root causes of irregular migration, displacement of population and instability;
4. Concessional loans of the European investment Bank (EIB) in water, energy and credit line facilities;

In line with the EU commitments on aid effectiveness, the EU is using efficient and effective implementation modalities, such as budget support, delegating implementation to EU Member State agencies to increase the division of labour, and operations implemented through government channels. The EU Delegation is strongly involved in the development partners' coordination and harmonisation process; the Delegation participates in the DAG (Development Assistance Group) coordination including in participating in most sector working groups, and chairing a number of them.

### **Agriculture and food security**

#### **Food Security & Resilience - RDFS**

For decades, Ethiopia has been steadily linked to the idea of food insecurity. Since 2005, the GoE in partnership with the EU and other donors put in place the Productive Safety Net Programme (PSNP) to

tackle those recurrent food crises. PSNP provides multi-annual predictable transfers, in food, and/or cash, to help millions of chronically food insecure households to survive food deficit periods and avoid depleting their productive assets. In exchange, able-bodied individuals earn wages by working on public works projects for 30 days during a period of six months each year during the lean season. The public works assets created by PSNP address root causes of poverty and vulnerability, by restoring watersheds, land rehabilitation and building much needed basic infrastructure. It is implemented by the Ministry of Agriculture and is co-financed with the support of the EU and other 9 donors. The 4th phase of PSNP (2015-2020) targets up to 10 million people, it has a budget of € 3 billion and its goal is to build resilience by improving food security, nutrition and the creation of livelihood and job opportunities.

Aware that to solve the causes of food insecurity, a broader and more ambitious goal is necessary to build resilience in those communities to withstand the recurrent shocks, ECHO and DEVCO jointly put in place in 2012 the EU Resilience building programme in Ethiopia. RESET is an innovative approach tackling chronic humanitarian and long-term needs and recurrent food insecurity. RESET is multi-sectoral, multi-level and multi-partner, and is aimed at enabling households and communities to withstand, adapt, and to quickly recover from stresses and shocks such as droughts and other natural disasters without compromising long-term development. RESET complements and even reinforces activities carried out by PSNP and other flagship programs, working closely with the government, other donors and civil society organisations under a coordination model called "cluster". The RESET Programme covers 8 geographical areas of 5 regions (Amhara, SNNPR, Somali, Afar, and South Omo) targeting more than 1 million chronically vulnerable men and women. The programme is implemented by more than 30 international and national NGOs and international organizations. The motto is: "saving lives, saving livelihoods". The list of projects under RESET II can be found by clicking this [link](#)

[Read more about Development and Cooperation](#)

## **Economic development, investment and trade**

Sustainable development is a prerequisite for poverty eradication, social development and the creation of an inclusive, strong and diversified economy. The EU and Ethiopia engage to support and reinforce mechanisms aimed to promote decent work and the economic and social integration of vulnerable populations, paying particular attention to situations of extreme poverty and social exclusion. The two sides also look at ways of maximising the social and economic impact of development cooperation while ensuring sustainability, including through improved alignment of EU donors with the Growth and Transformation Plan II and Ethiopia's Climate-Resilient Green Economy Strategy. The EU works with Ethiopia to exchange information and best practice on issues related to education, vocational education and training and capacity building.

The EU Delegation works to facilitate the participation of greater numbers of Ethiopian students, university staff and researchers through Erasmus+ and Marie Skłodowska-Curie Actions, and to continue to work on the mutual recognition of academic degrees. The EU and Ethiopia promote the importance of science and technology, research and development, information communication technology and the transfer of know-how as a basis for sustainable development. The EU works to help create a strong economy that rests on its functional and structural diversification, the improvement of productivity and competitiveness, the promotion of Micro, Small and Medium-sized enterprises (MSMEs), an enhanced qualification of the human capital and a well-trained labour force

who has the skills that are required on the labour market. The EU and Ethiopia also work together on private sector development and the improvement of the business climate.

## **Humanitarian Aid (ECHO)**

While Ethiopia is still recovering from the 2015-16 drought that left nearly 10 million people in need of food assistance, a new drought has affected the South and South Eastern parts of the country impacting the replenishment of water sources and regeneration of pasture, causing critical water and pasture shortages and massive livestock death. This further deteriorated the already precarious nutrition situation of the population, leading to high levels of food insecurity and to a dramatic increase in acute malnutrition rates in 2017.

Scarcity of water enhanced the risk of waterborne diseases, including reported cholera outbreak affecting thousands of people and provoking several fatalities.

The number of people receiving humanitarian assistance increased from 5.6 million in January to 8.5 million in August 2017 due to poor performing spring rains. Moreover, the country is facing a cholera epidemic since late 2015, which has already affected over 40,000 people in 2017, the majority in the drought-affected areas.

The deteriorating humanitarian situation forced the displacement of more than 1 million people within the country. Most of the makeshift camps of IDPs are built around water sources, a conducive environment for the spreading of communicable diseases such as cholera. In addition, they lack infrastructures, site management and regular support.

Next to these internal challenges, Ethiopia is the second largest refugee-hosting nation in Africa, with over 843 000 registered refugees, most of them from South Sudan, Somalia, Eritrea and Sudan. The country hosts more than 382 000 refugees from war-torn South Sudan, of which 90,000 have arrived since September 2016. Ethiopia is also hosting more than 250,000 Somalis refugees that have again started to arrive in the South of the country fleeing drought and food insecurity.

The refugees are hosted in 25 camps across five different regions (Tigray, Afar, Somali, Gambella and Benishangul Gumuz) and in urban centres. New arrivals from South Sudan, Eritrea and Somalia, in addition to the long term refugees from Sudan, have resulted in overstretched services, including and especially food ration cuts that exacerbate the malnutrition situation among refugee populations.

So far in 2017, the European Union has allocated €76.5 million for the humanitarian response in Ethiopia, focusing on assistance to refugees and addressing the needs resulting from the ongoing drought in the Horn of Africa.

The European Commission's Civil Protection and Humanitarian Aid department (ECHO) channels part of its aid through an emergency response mechanism, aimed at optimising the response to sudden emergencies. In addition, drought and conflict affected Ethiopian population receives assistance which ranges from provision of ES/NFIs, food assistance, nutrition to access to safe water and sanitation facilities. ECHO also supports coordination work in the country and information gathering and analysis of IDP situation in Ethiopia.

[\*\*Read more about Humanitarian aid in Ethiopia\*\*](#)

## **Nutrition**

The EU and the Government of Ethiopia have identified two focal sectors in the National Indicative Programme 2014-2020 through which nutrition is integrated: Sustainable Agriculture & Food Security (€240 million) and Health (€200 million).

Read more about the [European Union support to scaling up nutrition in Ethiopia](#)

## **Regional peace and security**

Ethiopia and the EU share a vision for a peaceful, safe and stable Horn of Africa region, which is a precondition for the political, economic and social development of the region as a whole. Given Ethiopia's crucial stabilising role in the Horn of Africa, the EU and Ethiopia share information, perspectives and lessons learned, and consult each other on issues of common interest, such as conflict prevention and resolution in the Horn of Africa and the broader region; the role of IGAD; the African Peace and Security Architecture (APSA) and the African Peace Facility (APF).

### **Countering terrorism and violent radicalisation**

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## **Migration**

Ethiopia is a country of origin, transit and destination of migrants from the region and is situated at the centre of the regional migration corridor from Somalia and Eritrea to Sudan and/or Yemen. Ethiopia is a key partner for the stability and the management of migratory flows in the region, due to its role in hosting large numbers of refugees from neighbouring countries, its proactive policy of fighting traffickers and smugglers, and the interest of Ethiopians in migrating to neighbouring countries and regions in search of labour.

The EU and its Member States pursue an open dialogue on migration with Ethiopia through the Common Agenda for Migration and Mobility (CAMP) and, within the framework of the Strategic Engagement, the sectoral dialogue on migration. The EU aims at implementing the five priority domains of the Valletta Action Plan,: (1) Development benefits of migration and addressing root causes of irregular migration and forced displacement; (2) Legal migration and mobility; (3) Protection and asylum (including support to the large refugee population in the country and the host communities); (4) Prevention of and fight against irregular migration, migrant smuggling and trafficking in human beings; and (5) Return, readmission and reintegration. Finally, Ethiopia is one of

the five priority countries identified in the Communication on establishing a New Partnership Framework with third countries under the European Agenda on Migration.

Through the EU Trust Fund for Africa, EU actions address the root causes of irregular migration in the most migrant-prone regions of the country, promoting economic and employment opportunities, particularly for vulnerable people, through vocational training, access to micro-finance or by creating industrial parks. Actions also aim to strengthen resilience and combat drivers of instability, to improve the long-term development and protection needs of refugees and their host communities, and to better manage migration at regional level, including the sustainable reintegration of migrants.

[Read more about the EU Trust Fund for Africa](#)

## **Governance and Human rights**

The EU believes that Ethiopia's sustainable development should be underpinned by continuous democratisation process. In this regard, Ethiopia and the EU are committed to the promotion of good governance, human rights and fundamental freedoms, as well as to the fight against corruption at the national, regional and international levels. Recognising that democracy is work in progress, the EU continues to work towards the consolidation of democratic governance and to the building up of a vibrant civil society, including social partner organisations, working together to address some vital areas of governance and human rights, including the reinforcement of a democratic political culture; freedom of the press and of association; protection and promotion of cultural diversity; to promote the development of relevant institutional capacity; international human and labour rights instruments and their implementation; transparency and accountability; fight against corruption; adequate social protection systems and social dialogue; as well as gender equality and women empowerment. The EU also works with civil society to encourage reciprocal accountability and to improve dialogue with the Government. To highlight the importance of human rights in EU-Ethiopia relations, the first sectoral dialogue held under the Strategic Engagement was the dialogue on Governance and Human rights in the presence of the EU Special Representative (EUSR) for Human Rights, Stavros Lambrinidis, during his visit to Addis Ababa in early April 2017.

## **Climate change**

Scientific predictions show that Ethiopia is and will be affected by climate change through: droughts, floods, strong winds, heat waves, frosts, pests and diseases affecting livelihoods and health of the people, livestock and the natural ecological systems. Climate change is exacerbated, among other things, by demographic pressure, poverty, natural resources degradation and lack of infrastructure. The impact of climate change is already being felt in Ethiopia. Droughts and floods are common phenomena in Ethiopia, occurring with a frequency of every 3 to 5 years. Since the 1980s, Ethiopia has witnessed 8 national and various regional droughts and more than 40 floods. In many regions of the country, the frequency of these events has increased. Particularly the Northern part of Ethiopia has seen increasing temperatures and declining rainfalls.

Agriculture is the backbone of Ethiopia's economy on which most of the country's livelihood depends. It is also a source of raw materials for the industry sector. Yet the agriculture sector is most vulnerable to climate change since it is rain fed agriculture, relying entirely on traditional technologies. The agriculture sector is also highly affected by land degradation resulting from human and livestock pressure and improper management practices, etc.

The Growth and Transformation Plan (GTP II) envisages a rapid economic growth to bring Ethiopia to the level of middle income countries by 2025 with a net zero GHG emissions. Improving agricultural productivity via agricultural diversification and intensification, and gradually moving into agro-industrial development path way is the general direction. This ambitious economic growth in the country is in the short to medium term challenged by chronic vulnerability to climate and environment shocks, which make joint action between Europe and Ethiopia even more important. In this regard, implementing the country's Climate Resilient Green Economy Strategy, which aims at addressing the climate change challenges while pursuing sustainable economic growth, is a key priority for the government and the European Union.

The EU supports the Government on these sectors through different programs related to sustainable land management, conservation of natural resources, biodiversity, participatory forest management, climate change, etc.

## **Cultural diplomacy**

The EU promotes European culture and inter-cultural dialogue as a core part of EU Public Diplomacy, working hand in hand with the EU Member States and cultural institutes. In Ethiopia there is a four member European Union National Cultural Institutes (EUNIC) cluster made up of the "British Council", the French "Alliance Francaise", the German "Goethe Institute" and the "Italian Cultural Institute". A programme of European and Ethiopian cultural event, including a European Film Festival and a music festival are held annually. The EU Delegation reaches out to strategic audiences by organising a wide range of events and activities aiming at fostering engagement in two-way dialogues with young people, political figures, media, academia, business and civil society. These dialogues aim at promoting and explaining EU policies, raising awareness about EU issues and concerns and the importance of partnership, strengthening bridges by cultivating mutual respect and understanding based on shared values and interests.

## **European Investment Bank - eib**

The European Investment Bank (EIB) is the European Union's bank. We are the only bank owned by and representing the interests of the European Union Member States. We work closely with other EU institutions to implement EU policy. As the largest multilateral borrower and lender by volume, we provide finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. More than 90% of our activity is focused on Europe but we also support the EU's external and development policies. The opening of a new office in Addis Ababa in June 2016 illustrates the importance of both Ethiopia and the African Union for the EIB.

### **Our current modalities are:**

**Lending:** The vast majority of our financing is through loans, but we also offer guarantees, microfinance, equity investment, etc.

**Blending:** Our support helps us unlock financing from other sources, particularly from the EU budget. This is blended together to form the full financing package.

**Advising:** Lack of finance is often only one barrier to investment. We can help with administrative and project management capacity which facilitates investment implementation.

We support projects that make a significant contribution to growth and employment in Europe. As part of our counter-cyclical approach, our activities focus on four priority areas:

- Innovation and skills
- Access to finance for smaller businesses
- Environment and climate
- Infrastructure

We raise the bulk of our lending resources on the international capital markets through bond issues. Our excellent rating allows us to borrow at advantageous rates. We thus are able to offer good terms to our clients. We generally finance one-third of each project but it can be as much as 50. This long term, supportive financing often encourages private and public sector actors to make investment which might not otherwise be made. All the projects we finance must not only be bankable but also comply with strict economic, technical, environmental and social standards. Our corps of 300 engineers and economists screens every project, before, during and after we lend. We work hard to be accountable to EU citizens.

[www.eeas.europa.eu](http://www.eeas.europa.eu)

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