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of the Commission Decision on the Annual Action Plan 2017 for Ethiopia

Action Document for HEARD - Health of Ethiopian Animals for Rural Development

INFORMATION FOR POTENTIAL GRANT APPLICANTS

WORK PROGRAMME FOR GRANTS

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), applicable to the EDF by virtue of Article 37 of the Regulation (EU) No 323/2015 in the following sections concerning grants awarded directly without a call for proposals: 5.4.1.1

1. Title/basic act/ CRIS number	HEARD -Health of Ethiopian Animals for Rural Development CRIS number: FED/2017/040-392 Financed under European Development Fund			
2. Zone benefiting from the action/location	East Africa, Ethiopia: The action shall be carried out at the following location: Ethiopia			
3. Programming document	11 th EDF, Ethiopian National Indicative Programme			
4. Sector of concentration/ thematic area	Agriculture and Food Security	DEV. Aid: Yes		
5. Amounts concerned	Total estimated cost: EUR 15 000 000 Total amount of EDF Contribution EUR 15 000 000			
6. Aid modality(ies) and implementation modality(ies)	Project Modality: <ul style="list-style-type: none"> • Direct management - grants – direct award • Indirect management with the Government of Ethiopia 			
7. DAC code(s)	311 – Agriculture. 31136 Livestock			
8. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Main objective
	Participation development/good governance	<input type="checkbox"/>	X	<input type="checkbox"/>
	Aid to environment	X	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women in Development)		X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	X
	Reproductive, Maternal, New born and child health	X	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Main objective
	Biological diversity	<input type="checkbox"/>	X	<input type="checkbox"/>
	Combat desertification	X	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	X	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	X	<input type="checkbox"/>

9. Global Public Goods and Challenges (GPGC) thematic flagships	Food and Nutrition Security and Sustainable Agriculture and Fisheries
10. SDGs	<p>Main SDG Goal:</p> <ul style="list-style-type: none"> • Goal 2, End hunger, achieve food security and improved nutrition and promote sustainable agriculture <p>Secondary SDG Goal(s):</p> <ul style="list-style-type: none"> • Goal 1, End poverty in all its forms everywhere • Goal 8, Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all • Goal 12, Ensure sustainable consumption and production patterns

ACRONYMS –

AHFCS	Animal Health and Feed Control Sector
CPD	Continuing Professional Development
FAO	Food and Agriculture Organization of the United Nations
GDP	Gross Domestic Product
GoE	Government of Ethiopia
ILRI	International Livestock Research Institute
IT	Information technology
LMP	Livestock Master Plan
LVC-PPD	Livestock Value Chain-Public Private Dialogue phases
MoFEC	Ministry of Finance and Economic Cooperation of Ethiopia
MOLF	Ministry of Livestock and Fisheries
MoT	Ministry of Trade
NIP	National Indicative Programme
NAO	National Authorising Office(r)
NSA	Non State Actor
NVI	National Veterinary Institute
OIE	World Animal Health Organization
RBL/A	Regional Bureau of Livestock or Agriculture
SHARE	Supporting Horn of Africa Resilience
SNNPRS	Southern Nations, Nationalities and Peoples Regional States
TA	Technical assistance
TOT	Training of trainers
USAID	United States Agency for International Development
VSRM	Veterinary Services Rationalisation Road Map
WTO	World Trade Organization

SUMMARY

This project provides support to the livestock sector stakeholders, in line with the 11th EDF National Indicative Programme (NIP) for Ethiopia (2014-2020) and it intends to enhance the Rationalisation of Animal Health Service Delivery System through implementing three outcomes: 1) The quality of public and private veterinary services strengthened and delivery optimised; 2) Technical competences and incentives for veterinary service providers improved; and 3) Capacity built for food safety of primary products of animal origin and for control of zoonotic diseases.

The design of the proposed action is based on the experiences and lessons gained from the implementation of the EU 10th EDF funded Livestock Value Chain -Public Private Dialogue project with a focus on capacity building at grass root levels.

The project will be led by the Animal Health and Feed Control Directorate in the Ministry of Livestock and Fisheries in collaboration with implementing partners: the three national regional states to be selected, the Ethiopian Veterinary Association, International Livestock Research Institute, and the strategic partners: the Federal government Agricultural Transformation Agency (ATA), National Universities, the World Organisation for Animal Health, Ministry of Trade (MoT) and the private sector.

The project aligns with Ethiopia's Livestock Master Plan and the Growth and Transformation Plan 2016 to 2020, specifically with the Animal Health sub-sector Transformation Agenda Deliverables Planning. **The project will increase income generation to livestock servicing, producing, trading and processing communities and will benefit** internal and export markets. As the government privatises the provision of public goods and enacts enabling legislation, private actors will take on a greater proportion of animal health service delivery.

Governance of Animal Health in Ethiopia is hampered by lack of enabling legislation, poor vertical integration of information on disease incidence and prevalence information, uneven competence levels across regions, and disproportionately low access to services in isolated areas. The quality of veterinary services will be enhanced 1) by creating an enabling environment for the development and rationalisation of animal health service delivery system, 2) by improving the technical capacity of public and private veterinary service providers and 3) by reducing the impact of animal diseases through improved disease surveillance, disease control, and thus increase production, productivity as well as the food safety of national and export livestock value chains.

While significant progress was made under the completed 10th EDF Livestock Value Chain project, advocacy and pilot interventions for transformation will need to be carried forward into phase II.

1. CONTEXT

1.1 SECTOR/COUNTRY/REGIONAL CONTEXT/THEMATIC AREA

Importance of the Livestock sector for the country: the Ethiopian livestock industry contributes 135 billion Ethiopian Birr (US\$6.4 billion) annually to the economy and 70% of households derive some income from livestock. Current livestock numbers are estimated to be 58 million cattle (including 453,000 dairy cows), 26 million sheep, 23 million goats, 5.3

million equines, 1.70 million camels and 56 million poultry. Livestock in Ethiopia contributes 15 to 17 percent of Gross Domestic Product (GDP) and 35 to 49 percent of agricultural GDP.

Productivity and return to the producers: Ethiopia has the largest livestock population in Africa, yet revenues from its livestock sector are much lower compared to some other countries with fewer livestock. This is due to a complex of reasons including recurrent episodes of drought, becoming more unpredictable due to climate change¹, shortages of fodder and feed, subsistence-orientated management practices, lack of improved animal genetic resources and livestock diseases. As land belongs to the State, the rights of herders to access control and use of the resources they rely upon are still hardly recognized. The common property regime which allowed pastoralists to sustainably manage vast areas of land is being undermined by laws and policies that promote the individualisation of land tenure. The Ethiopian Government is showing commitment to develop the land use policy which is expected to improve the land tenure and land governance system.

A significant proportion of potential revenue from livestock is lost to the Ethiopian Government due to trading in the informal sector. Low prices paid for livestock in Ethiopia result in informal movement across borders along traditional routes to seek better income. The low prices are a disincentive to livestock owners and herders to invest in improved feed, management and veterinary services, resulting instead in increased numbers of low-producing animals. The large numbers of animals put the environment at risk as they are constrained in traditional movement due to national and international boundaries.

Increase productivity, value addition and job creation: consequent to recent investment in the livestock export market, the export of red meat and live animals from Ethiopia has shown a 6-fold increase. Other systems of importance in Ethiopia include the peri-urban dairy value chain and, linked to the meat value chain, the hides and skins value chain. Livestock value chain is already an important contributor in terms of livelihood and jobs; the milk and meat value chains alone make a livelihood for 15 million persons and provide direct employment to about 1.2 millions. Increase in productivity and value chain development should result to direct job increase and increased resilience to climate change.

Importance of the animal health: the growing livestock industry is dependent on the Animal Health and Feed Control Sector -**AHFCS**, which is part of the Federal Ministry of Livestock and Fisheries -**MoLF**, for the control of trade limiting diseases; however, shortcomings exist in livestock disease surveillance, diagnosis, movement control measures and disease control. The World Animal Health Organization -**OIE**² Performance of Veterinary Services (PVS) evaluation (2011) and Gap Analysis (2012) have provided clear guidance and targets for improving veterinary service performance. Meeting these targets will safeguard Ethiopia's livestock export trade in line with WTO and OIE standards and enhance food safety of livestock commodities traded along internal market chains.

1.1.1 Public Policy Assessment and EU Policy Framework

The current drivers for livestock sector development in Ethiopia are Growth and Transformation Plan -**GTP II** and the Livestock Master Plan -**LMP**. The GTP II, under its livestock component, aims to improve coverage, quality and regulatory aspects of animal

¹ The Ethiopian Intended Nationally Determined Communication (INDC) identifies livestock as highly vulnerable to droughts and its importance in livelihoods and climate resilience, especially in rural, remote pastoral areas.

² Its Former name is *Office International des Epizooties*

health services in Ethiopia thereby contributing to an increase in livestock production and productivity. By implementing the Veterinary Services Rationalisation Road Map -**VSRM** and engaging both public and private sectors accessibility to clinical services will be improved from 60% to 100% (one clinic for three *Kebeles*³).

The GTP II Animal Health sub-sector **Transformation Agenda Deliverables Planning** aims to enhance animal health, public health, food safety and welfare services which comply with international standards and contribute to the achievement of food security, poverty alleviation and socioeconomic growth. It specifically aims to reduce livestock morbidity and mortality rates; improve quality, affordability and cost-effectiveness of veterinary services; reduce gaps in veterinary service delivery / improve accessibility, efficiency and effectiveness of service delivery; improve public health and food safety, and improve Sanitary and Phyto-Sanitary standards (SPS) capacity to enhance domestic and international market

The Livestock Master Plan promotes increased productivity and competitiveness of red meat, milk and poultry value chains. Inherent in this approach is the need to rationalise and strengthen the veterinary service in line with OIE-Performance of Veterinary Services -**PVS** and Gap Analysis findings. Critical to the development of the livestock sector is the privatisation of the veterinary services, as detailed in the Veterinary Services Rationalisation Road Map and supported in the LMP. However, by the end of 2016, none of the draft enabling legislation had been passed, including that for the Veterinary Statutory Body -**VSB**, nor had full endorsement been given to the Veterinary Services Rationalisation Road Map by the MoLF. Addressing the endorsement of this important legislation for creating an enabling environment for the delivery of a rationalised veterinary service will be a key task for this proposed action.

The GTPII and the LMP highlights the role of livestock development in improving household incomes and food security, economic growth and export earnings. The GTP II Animal Health sub-sector Transformation Agenda Deliverables Planning" has set two prioritized deliverables: 1) Reducing Young and Adult Stock Mortality in different production systems, and 2) Strengthen and support establishment of innovative animal health field services and diagnostic capacity and quality management system of national and regional veterinary laboratories to enhance disease prevention and control. Some of the High Priority Sub-deliverables are: 1) Increase higher livestock and livestock products off-takes; 2) endorsement and rollout of various legislations in veterinary services; 3) Develop veterinary service delivery system for pastoral production environment; 4) Develop alternative input supply, regulation, and service delivery systems for field-based animal health services; 5) rolling out of a veterinary services rationalization roadmap; and 6) Strengthen and standardize veterinary services and infrastructure at different levels.

In 1997, the Ministry of Agriculture has produced a “policy on veterinary service delivery in remote areas” that acknowledged a lack of veterinary professionals in Ethiopia and the need for Community Animal Health Workers (**CAHWs**) to extend services to the underserved lowland areas. Typically, one CAHW can service 250 households over a radius of 20–30 km. In 2002, the Animal Disease Prevention and Control Proclamation (267/2002) officially recognized CAHWs as a cadre of veterinary service providers. Concurrently, a privatization and community-based animal health unit was established within the Department of Veterinary Services. So far the Unit has published national minimum standards and guidelines for the training of CAHWs and has trained thousands of CAHWs although the dropout rate is high. In the pastoralist areas of Oromia and Somali Regions, the most

³ "*Kebele*" equals a neighbourhood and is the smallest administrative unit of Ethiopia, similar to a ward

sustainable model appears to be the private veterinary pharmacy with CAHW outreach. Ethiopia has no statutory body for the registration or regulation of animal health service providers including for CAHWs.

The Government of Ethiopia under its GTP II is committed to fostering the participation of women specifically in terms of ensuring the 30% women and 20% youths participation in the overall development process

The EU “**Agenda for Change Policy**” encourages and promotes Public Private Partnerships (PPP) to foster an enabling business environment. Also, EU policy links reduction of food insecurity, through innovations to increase food production and productivity, with a stronger role for the private sector in supporting sustainable growth in developing countries and takes into account new constraints, particularly those concerning population growth and the effects of climate change on agriculture and food insecurity. The EC Joint staff working document 'Gender equality and women's empowerment transforming the lives of girls and women through the EU external relations 2016-2020 ⁴as well as the Council Conclusions on the Gender Action Plan 2016-2020 promote the social and economic rights/empowerment of women and girls and the strengthening of girls and women voice and participation

The **11th EDF NIP for Ethiopia** (2014-2020) aims to *increase sustainable agricultural productivity and improve marketing of agricultural products* through the result “*quality of integrated public and private veterinary service delivery improved*”.

1.1.2 Stakeholder analysis

The principal beneficiaries of the proposed project will include both male and female livestock owning, producing, processing and trading communities in Ethiopia, including rural communities, export and domestic abattoir and feedlot staff as well as veterinary service providers (both public and private) and finally laboratories and universities.

- (i) **Key stakeholders (having an influence on the effort):** The MoLF - Animal Health and Feed Control Sector **AHFCE** under the State Ministry of Animal Health and Feed control. The creation of this new ministry aims to redress the imbalance between the numbers of livestock in Ethiopia and the income, including foreign exchange, derived from the formal livestock sector by addressing the issues that currently lead to underproduction in the livestock sector. Other key stakeholders are National Authorising Officer (NAO) of the Ministry of Finance and Economic Cooperation of Ethiopia (MoFEC) and the European Union Delegation to Ethiopia (EUD).
- (ii) **Primary stakeholders (being directly affected by the project):** Regional bureau of livestock, regional laboratories, abattoirs, feedlots, quarantine stations, Ethiopian universities and research institutions with their international research partners, OIE, and Ministry of Trade (MoT).
- (iii) **Secondary stakeholders (being indirectly affected by the project):** LVC Associations (e.g. livestock and livestock product producers, processors and exporters associations), veterinary and para-veterinary associations, Community Animal Health Worker (CAHW) associations, Livestock-based non-state actors (NSA) including (International) Non-Governmental Organisations, USAID, FAO, WB, and UNDP.

⁴ The thematic priorities of the EU Gender Action Plan for Ethiopia 2016-2020 are not yet ready as the gender analysis has to be finalised first.

(iv) **The implementing partners are:**

- ***The three Regional Bureau of Livestock/Agriculture*** will be main implementing partners in the implementation of the project actions under **Result 1**. The regional Livestock/Agriculture bureaus have similar mandate of the Federal MoLF within their respective constituencies' (regional, zonal and Woreda administration levels) for the planning and executions of the Livestock sector as well as the provision of technical support in the implementation of their respective zonal/woreda administration levels livestock development programs.
- ***The Ethiopian Veterinary Association -EVA*** is a national association and has played a key role in the implementation of the completed 10th EDF - Livestock Value Chain-Public Private Dialogue phases **LVC-PPD** project in bringing the veterinary community together on pertinent issues inclusive of rationalisation of the veterinary service, quality of veterinary education and career development. The Ethiopian Veterinary Association is experienced in managing workshops, contracting studies and technical training and has successfully implemented components of the LVC-PPD project.
- ***International Livestock Research Institute -ILRI*** having a well-established and resourced institution in Ethiopia, and is a centre of technical excellence for livestock research inclusive of development, marketing, agricultural economics and environmental care. In 2014, during the LVC-PPD, ILRI produced, in consultation with Ethiopian experts, the LMP for the improved supply of red meat, poultry meat, eggs and milk. ILRI has been implementing EU funded grant projects focusing on livestock related research and innovation which aim to improve the health and productivity of livestock through the application of advanced technologies in livestock disease control and better utilization of animal genetic resources by resource poor livestock keepers as well as improving market opportunities.
- ***The Ethiopian Government Agricultural Transformation Agency -ATA*** was created in 2010 to address the systemic bottlenecks to achieve agricultural transformation. The role of the Agricultural Transformation Agency in the livestock sector is to transform subsistence livestock producers into improved and viable family farms through identification and amelioration of constraints. The agency is supporting LMP activities, building human capacity to solve problems, coordinate the private sector and community groups and work closely with the MoLF - Animal Health and Feed Control Sector to develop an enabling animal health delivery environment for both the public and private sectors along livestock value chains. The Agricultural Transformation Agency has a key role in the GTPII where it has a key role in increasing livestock off take, veterinary services in pastoralist areas, and designing funding mechanisms for the delivery of animal health services.
- ***The World Animal Health Organization -OIE*** is responsible for improving animal health worldwide, and is providing technical assistance and backstopping to the MoLF- Animal Health and Feed Control Sector and shall continue in the provision of this support into phase II.

The Ministry of women and children affairs and the Gender directorate of the MoLF will be involved for ensuring gender mainstreaming of the programme. The Gender directorate has developed a Gender mainstreaming manual that can be used in this exercise. Women associations and CSOs working on women issues will ensure awareness and participation of women from local communities.

1.1.3 Priority areas for support/problem analysis

The Government of Ethiopia is committed to supporting the livestock sector development. Under its GTP II (2015 to 2020), the Government has allocated a total amount of around USD 53 million for the Ministry of Livestock and Fisheries and out of this USD 4 million goes to Animal Health related activities. Furthermore, the Government is in the process to secure funds (around USD 150 million) from the World Bank for the implementation of flagship program for livestock development.

Problem 1: Livestock-based livelihoods in Ethiopia are economically fragile due to climate vulnerability, particularly drought, overstocked and degraded grazing areas, limited watering points and poor access to veterinary services. These factors combine to cause high rates of young stock mortality and morbidity, sub-optimal livestock productivity and offtake which are exacerbated by an uncertain policy environment for livestock traders, producers, and private veterinary service providers to develop their businesses.

- There is a need for developing innovative and gender sensitive herd health approaches that will address, amongst others, the significant economic losses caused by young stock mortality. The pilot areas under the project to test these approaches will include isolated areas, usually underserved by Government services, and will rely on community participation to identify problems and solutions. The approach will take in consideration mainstreaming of environment and climate change concerns and, where opportune, enhancement of traditional knowledge and other positive experiences for reducing impacts of herds on natural resources, facilitating a better livestock productivity and offtake.

Problem 2: The **Government veterinary services** face challenges in meeting the demands of livestock producers. Animal health services are more accessible for livestock producers situated closest to urban areas than those in isolated areas, with the former having health posts with better equipment, utilities and supplies and presence of more private animal health and pharmacy providers. While the national and regional state Bureau of Livestock and Agriculture are reasonably well equipped, activities at *woreda* administrations and *kebele* level's animal health posts are hampered by limited equipment, transport and inputs. The isolated pastoral areas are poorly serviced by both the private and public sectors; and livestock trekked along traditional routes are generally not serviced by local health posts yet these animals require attention to control the risk of movement of diseases and ensure arrival of healthy stock to markets. Furthermore, the low prices paid locally for livestock, combined with limited access to financial services, is a disincentive for owners to invest in their animals.

The majority of veterinary professionals and para-professionals receive little further training after graduating and the standard university curriculum does not support specialisation or meet OIE day one competency standards. There are few female veterinary service providers, inhibiting close engagement with female livestock producers. CAHWs are not fully integrated into professionally directed service delivery models. Whilst 500 professional and 1000 para-professional veterinary graduates enter the workforce every year, not all can be employed by the public service and need to consider careers in the private sector; Several NGOs, including Veterinarians sans Frontières (Swiss and German), have set up networks of CAHWs supported by a veterinarian who runs a local veterinary pharmacy. Veterinary vaccinations are carried out by government veterinarians in a campaign, with limited application of risk-based and epidemiological analysis and the effectiveness is hampered by poor coverage, insufficient cold chain down to *woreda* and *kebele* levels and inadequate transport.

- Integrating inputs, services and markets should result in the livestock owners making informed choices on the management of their animals and receiving a fair price for their stock and products.
- Strengthening the operational and technical capacity of the *woreda* and *kebele* levels veterinary services including for information gathering, analysis and strategic animal health interventions by both public and private sectors
- A Continuing Professional Development **CPD** programme need to be defined focussing on the shortcomings in human resource skills and knowledge as highlighted in the OIE PVS, Gap Analysis and the LMP. The Continuing Professional Development delivery model, and all training to be carried out under this proposed project, will ensure that it is equally available to men and women, use adult learning principles, in-service “on the job / learning by doing” approaches and e-learning, to improve public and private sector veterinary skills and knowledge. The project foresees to support the development of animal health extension packages for female livestock owners.
- The completed LVC-PPD project trained regional state level veterinarian in risk analysis for vaccination programmes. The proposed project interventions will further address these inequities by focusing on improving delivery of animal health services at *woreda* and *kebele* levels
- Business skills, generally lacking in private sector veterinarians and other value chain actors, are needed to prepare business plans and analyse credit options.
- Access to finance is critical to the development of a robust private sector and currently a major constraint. Different credit models are currently being assessed by development projects such as Private Enterprise Programme Ethiopia (PEPE) and the best practice findings, including gender equity and appropriateness to isolated areas

Problem 3: Veterinary drugs are of dubious quality and limited in range; the Government tenders for the purchase of the bulk of veterinary inputs, but these tenders are limited in the quality and range of products procured. Regional, zonal and *woreda* veterinary clinics and health posts receive allocations of drugs from the Government tenders. However, these are quickly exhausted and do not provide coverage for the full range of therapies needed. Livestock owners must therefore look to the private sector pharmacies to supply the shortfall and these are usually sited in urban centres; livestock owners in isolated areas, especially pastoralists, cannot find alternate sources of treatments as the high costs of transporting veterinary drugs to these areas dissuade private pharmacies from servicing these areas. There are increasing numbers of private pharmacies and clinics, many of which are unlicensed that dispense cheap low quality veterinary drugs. In lowland areas agro-vet shops support a network of CAHWs but operate without proper cold chain, equipment and a clear legal framework.

- Improvement in the quality and variety of veterinary drugs available to both the public and private sectors in all regions will be addressed under this project.
- CAHWs specific support areas include: close follow-up and technical support by the *woreda* veterinary service and the linking of the regular drug supply with the public and private vet pharmacies

Problem 4: Disease diagnostics and surveillance are carried out by one national and 14 regional laboratories, which are well equipped and staffed but are unable to conduct field investigations and diagnosis due to lack of reagents and transport facilities; National and regional strategies on disease prevention and control require improved veterinary governance with harmonisation, better sharing and analysis of disease incidence information through

ongoing support to the National Animal Disease Surveillance System -**NADSS** and mobile reporting systems. Furthermore, the expected impact of climate change is the variation in the spatial distribution and prevalence of vectors of livestock diseases. One such example is Rift Valley Fever -**RVF**, which is climate sensitive and the risk of occurrence can be predicted using rainfall and flooding data plus local information on emergent mosquito populations and targeted vaccinations can be carried out following risk assessment.

- An integrated disease information system, accessible to all levels of government and all ecological zones, will increase confirmatory diagnosis and will improve the clinical skills and treatments delivered by animal health providers and also skill development in outbreak data analysis and response.
- National and regional strategies on disease prevention and control require improved veterinary governance with harmonisation, better sharing and analysis of disease incidence information through ongoing support to the National Animal Disease Surveillance System and mobile reporting systems. The project will support selected laboratories at regional and zonal levels to improve surveillance and diagnostic skills at the *woreda* levels to enhance animal health assistance to local livestock producers.

Other important areas:

a) The need to support both export and local meat value chains: chilled meat is exported through abattoirs certified during implementation of the completed LVC-PPD and, with the live animal export trade, are linked to feedlots, five quarantine stations and 10 border check points. These industries need ongoing support to maintain, improve and expand good practices to reach international standards for export certification along the value chain. To support both export and local meat value chains, there is needs to improve food safety training in Ethiopia, through supporting a selected University to establish new and tailored training programmes to certificate, diploma and degree levels. Linked to the meat value chain is the hides and skins value chain; the hides and skins are collected from abattoirs and local slaughter points on an opportunistic basis although some highland breeds of sheep are sought after for having a type of skin ideally suited for glove leather. The quality of the hides and skins is variable and many are downgraded due to defects caused by external parasites, pre-slaughter handling and transport and poor flaying techniques at slaughter. The project intends to coordinate with PEPE to improve the quality of hides and skins for tanning by demonstrating the benefits of effective external parasite control and better humane loading/unloading of animals and pre-slaughter management.

b) The establishment of the Veterinary Council of Ethiopia (VCE), as a Veterinary Statutory Body, and the enactment of related legislation such as the “Animal Health Welfare, and Risk Analysis for Animal Disease Control, “Veterinary Professional and Para-professions Regulations” and “Veterinary Professional and Para-professions Proclamation”, will improve regulation, linkages and standards within the veterinary profession. With over 70 livestock projects in Ethiopia, transparency and information sharing are needed to avoid duplications and gaps in service provision, requiring coordination and information-sharing initiatives, such as the Government led Rural Economic Development and Food Security (RED&FS) platform is providing support to coordination mechanisms including the alignments and harmonization aspects, and for the livestock sector it has well established Livestock Technical committee (Animal Health and Feed Quality Control Task Force).

c) Project management requires an active Steering Committee (SC) for assistance with oversight and problem solving to improve governance of the proposed action in line with other animal health projects.

d) **Gender sensitiveness of the programme:** the project seeks to improve the existing disparity of women in the livestock sector including in skill trainings, and development of credit guarantee systems.

2. RISKS AND ASSUMPTIONS

Risk	Level	Mitigation measures
Lack of engagement by government agencies with private veterinary service practitioners, particularly at <i>woreda</i> level	medium	Endorsement of the Veterinary Services Rationalisation Road Map by all concerned authorities and establishment of a VCE to clarify and specify the roles and responsibilities of public and private sector personnel and government agencies. The government will withdraw from providing private services in pilot <i>woredas</i> .
Impact of climate change on production levels or occurrence and spread of livestock diseases	medium	Actions to mitigate the impact of climate change will be carried out by coordinated public private interventions, making use of surveillance, alert systems and analysis.
Poor inter-institutional coordination between different components of the livestock development strategy	low	A SC will oversee coordination and the RED&FS task forces link the EUD to field performance
Low income of primary producers have no financing capacity to meet feed and veterinary medicines cost , that improve production	medium	Pilot activities enabling early adopters in selected <i>woredas</i> to demonstrate the cost benefits of improved management interventions to encourage wider uptake of working practices.
Lack of trust by private veterinarians in engaging with government in the targeted sectors	low	Clear and unambiguous directive from the MoLF-Animal Health and Feed Control Sector defining roles and responsibilities of personnel where both sectors are represented.
Gender issues will not be properly taken into account by project implementers at all levels	medium	Gender targets in all area of interventions and gender disaggregated data will be developed by the project team
The data from National Animal Disease Surveillance System (NASDS), the Animal Disease Notification and Identification System (ADNIS) and Livestock Identification and Traceability System -LITS may not be up to date and not readily available for analysis	medium	The server will have sufficient capacity to store data and analysis will be encouraged through a series of feedback reports and responses generated by MOLF
The Grant will be a new funding modality for MoLF and the Regional Bureau of Livestock and Agriculture and they will be responsible for compliance with EU regulations. This places a demand on grant holders for high levels of financial management and integrity of systems	high	A project coordination unit will be mobilised under a service contract with national and international technical staff, experienced in EU accounting procedures, combined with regular monitoring of expenditure (monthly reports) and annual audits.
Assumptions		
The assumptions are based on the fact that transparency and fulsome support of government will be forthcoming towards a stronger engagement in livestock sector development with all veterinary service providers in initiatives aimed at integrating public and private veterinary services, and the agenda of making the services more effective and responsive to livestock value chain actors' needs. Private practitioners and		

Risk	Level	Mitigation measures
value chain actors adopt innovative actions in the target areas and complement public service providers in fostering the identification, testing and up-scaling of new solutions. Veterinarians have the necessary capacity and interest to take risks and invest in a rationalized sector at the <i>woreda</i> level. Government of Ethiopia counterpart contribution essential for long term delivery and developing an enabling environment		

3. LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

3.1 LESSONS LEARNT

The external evaluation of the completed 10th EDF LVC-PPD project recommended that: a) the draft legislations and Veterinary Services Rationalisation Road Map, prepared in LVC-PPD, be urgently ratified to develop the enabling environment required to build confidence in the livestock sector; b) equitable, innovative, rationalized, animal health delivery systems, including credit guarantees, should be piloted; c) the quality, supply and coverage of veterinary drugs should be improved; d) One-health approaches to zoonoses should be developed; e) female livestock owners and carers and animal health providers should be targeted for capacity building; and that f) support should continue for the National Animal Disease Surveillance System (NADSS), the Animal Disease Notification and Identification System (ADNIS), Livestock Identification, and the Traceability System (LITS), export abattoir and feedlot sanitary standards compliance. In addition there should be a Steering Committee (SC) with sufficient mandate to play its oversight, guidance and trouble-shooting role.

An analysis of over 40 current and past livestock-based projects in Ethiopia (identification mission report) found that there was insufficient focus on a) improving the quality and quantity of the veterinary service, b) on addressing the issues raised by the OIE PVS and Gap Analysis, and c) on integrating public and private veterinary service delivery. The OIE reports highlighted the need to strengthening the vertical chain of command for technical direction and disease information; establishing a Veterinary Service; developing an enabling policy environment; increasing access to an integrated public and private veterinary service; supporting an inclusive livestock sector forum; and the regional integration and harmonisation of sanitary practices.

The LVC-PPD and the MoLF- Animal Health and Feed Control Directorate have made significant progress on these recommendations. However, the provision of subsidised animal health services through the regional Bureau of Livestock and Agriculture, animal health posts and development agents has taken Government funds and manpower away from the important public goods (enacting enabling policies, control of Transboundary Animal Diseases (TADs) and zoonoses, disease surveillance and outbreak investigation, monitoring food quality and regulation). The provision, by the Government and some development agencies, of free or subsidised services and inputs creates an uneven playing field for the private sector – this disincentive must be addressed. The MoLF- Animal Health and Feed Control Sector needs to agree a clear strategy to prioritise its funds towards purely public goods where the private sector can / is operating and adopt sustainable private sector approaches, such as cost recovery, where it is currently inclement for the private sector to operate. The current policy environment does not yet fully support privatised veterinary services through a lack of clarity within the ministry; an enabling environment must be created to encourage investment, minimise risks and maximise returns from both public and private funds invested in the livestock sector.

The Government LMP sees privatisation as key to the development of the livestock industry; veterinary schools understand the need to teach entrepreneurship to veterinary students / emergent veterinary practices and the Government is embarking on joint ventures with private industry. Successful models of privatised services can be scaled up to new areas: sanitary mandates (SM) were piloted under the completed LVC-PPD project and in the Tigray national regional state through the Bureau of Livestock and Agriculture and will be further developed. Various development projects, including USAID-Livestock Marketing Development (LMD), EC-SHARE-FAO-PPR, ILRI-LIVES and DFID-PEPE, support privatisation of agricultural commodities including livestock products and service delivery.

Veterinarians working in the private sector are constrained by limited access to credit and lack of business skills. Community members wishing to become traders or suppliers also have limited understanding of business or access to business skills training. Standard guidelines for business skills and entrepreneurship training, geared to the veterinary profession and actors in the livestock value chain are lacking. Ethiopia's regulatory system is generally fair; investment, business, and other licenses can be obtained rapidly from the Ethiopian Investment Commission and the Ministry of Trade, providing an existing general policy framework to support rationalised veterinary services.

Training of both government and private industry is essential for the certification of abattoirs and feedlots to support the export industry. In LVC-PPD, training focused on senior government staff who were then expected to train their peers and subordinates without appropriate material or training skills. Often training of semi-skilled workers in the private sector was ad-hoc, and lacking training material and memory aids. Appropriate training material, based on key competencies, would ensure that on the job training is effective and facilitate roll out to the zonal, woreda and *kebele* levels.

Women are under-represented in the veterinary profession and as implementers of small businesses, yet women are able to manage small businesses and they carry out most of the care of young stock. Effort must be made to encourage women into the animal health and production sector. Under the completed LVC-PPD project trainings only included 7% women and, had women's participation in the project been measured and reviewed, this problem may have been addressed early in the project. Women should be actively targeted to participate in all trainings under this project and the federal and regional state governments adopt gender sensitive targets for capacity building actions.

3.2 COMPLEMENTARITY, SYNERGY AND DONOR COORDINATION

The project is closely aligned to the aims and activities of GPT II - Animal Health sub-sector Transformation Agenda Deliverables Planning, and the action complements and provides synergy with a number of livestock development projects including the EU (SHARE FAO PPR and SPS) and also with the EU Resilience Building Ethiopia program (EU RESET) funded projects; USAID (LMD & Pastoralists' Areas Resilience Improvement through Market Expansion (PRIME), Canadian Government (ILRI – Livestock and Irrigation Value Chains for Ethiopian Smallholders (LIVES)); DFID (Private Enterprise Programme Ethiopia (PEPE)) and regional programmes, inclusive of an EU supported programme for animal surveillance and registration, coordinated by the IGAD Centre for Pastoralist Areas and Livestock Development [ICPALD]. The RED&FS platform with a livestock Technical Committee, Animal Health and Feeds Regulatory Task Force and Working Groups provides an ideal structure for the coordination of government and donor supported livestock sector development programmes. The Livestock Section of the Agricultural Transformation Agency shall be used to assist in the development of an enabling investment and services delivery

environment, for assistance with policy development and with the clearance of road blocks to project implementation.

The USAID-funded Livestock marketing Development **-LMD** project invests in the dairy, beef and hides value chains and links producers to input supply and markets and operates in 4 regions (Amhara, Oromia, Tigray and Southern Nations, Nationalities and Peoples (SNNP). The project operates the Livestock Identification and Traceability System with assistance from MoLF; and a follow project is expected to be designed in the near future. This project will support the livestock marketing through supporting privatisation of veterinary services, improved disease surveillance and data analysis, and improved laboratory skills.

The project will complement the EU-funded EC SHARE – Ethiopia programme, under its Livestock Health component jointly implemented by FAO, VSF Suisse/Germany and the MoLF/ Animal Health and Feed Control Sector (EUR 9.2 million for 42 months’ duration from July 2014 to November 2017), focussing on the control of peste des petits ruminants **-PPR**, contagious caprinepleuro-pneumonia **-CCPP** and Sheep and Goat Pox **-SGP** in the lowland areas of Ethiopia with the aim of increasing livestock offtake. This EC SHARE FAO – PPR project is exploring different privatised service delivery models for vaccination, including sanitary mandates, to control PPR, CCPP and SGP in the lowlands of Ethiopia and will also support the distribution and improvement of the quality and quantity of vaccines from the National Veterinary Institute (NVI). Vaccination programmes are delivered through both private and public veterinary services and have resonance with the proposed project rationalization plan.

The EC-funded SHARE FAO project is supporting the federal and regional laboratories and vaccine production with a focus on agro-pastoral areas. It is also using participatory approaches to carry out vaccination and disease surveillance for control of PPR and SGP in the lowland areas of Ethiopia in the following regional states: Afar, Somali, east lowlands of Tigray and Amhara, south lowlands of Oromia and SNNP. The project will mirror this EC SHARE funded interventions in highland areas of the country where there are large numbers of sheep and goats contiguous.

The project will also complement the up-coming EUTF - Leather Integrated initiative to Foster sustainable Employment creation (LIFE) aims to tackle the existing low quality of hides and skins through improved handling and slaughtering techniques and also to support the setting of proper hides and skin grading system at tanneries level.

The project will also work closely with USAID funded Livestock Market Development project which aims to foster growth and reduce poverty by improving livestock production and productivity. The DIFD funded Private Enterprise Programme Ethiopia (PEPE) Programme has a particular focus to improve hide and skin quality in the leather value chain through improving animal health services to reduce damage caused by ectoparasites.

3.3 CROSS-CUTTING ISSUES

While traditional healing practitioners operate at the village level in many localities in Ethiopia, especially in pastoralist areas, the project does not have a specific component to support Ethno-Veterinary Knowledge **-EVK**. However, in the Community Animal Health Worker **-CAHW** guidelines, EVK is recognised and is considered important in under-served areas. Traditional practices for the management of the rangeland resource merit greater understanding and support as they can make a positive contribution in assisting herders (and livestock) adapt to climate induced changes to the quality, quantity and distribution of herbage.

The importance of gender balance and equitable access to project outputs by women and minorities will be reinforced in all project activities by the collection and analysis of gender disaggregated and location data. Involvement of women will be encouraged by gender-aware activities such as the involvement of women in managing and delivering technical packages to improve herd health, including the reduction of mortality of small stock. Business skills training will include female producers, processors and marketers of livestock and Products of Animal Origin -**PoAO** and credit guarantee schemes will be both minority and gender-aware. Animal welfare training was an important initiative under the completed LVC-PPD project and demonstrated links between improved animal welfare and improved production and quality of livestock and livestock products, such as the quality of the carcasses, hides and skins. These activities will be continued with the MoLF- Animal Health and Feed Control Directorate and the Ethiopian Veterinary Association and, linked to initiatives such as the USAID-supported Livestock Marketing Development project. In all activities the quality and sustainability of the environment will be respected. Pilot animal health interventions and learning materials for Continuing Professional Development will be informed by carbon awareness and include information on practices to reduce ruminant methane emission. The Government of Ethiopia welcomes support from the public and private sectors that will assist in generating appropriate knowledge, skills, and concrete improvements to promote low-carbon growth.

Droughts are common in the greater horn of Africa and are occurring more frequently. With over 70% of Ethiopia's livestock grazing on erosion-prone soils, there is a need to promote measures that will counter pressure on forest reserves and reduce over-grazing of common land. Climate change will influence the occurrence and distribution of vector-borne diseases, including zoonoses such as Rift Valley Fever and the contribution of livestock to greenhouse gases (emitting <42% of total GHG in Ethiopia), should be recognised and appropriate remedial management practice advocated. Genotypes of traditional livestock species that can adapt to increased temperatures, drought and floods should be exploited by supporting a community managed Livestock Identification and Traceability System and related database providing livestock keepers with the tools to identify, and retain selected animals. The impact of climate change on animal health and productivity, the importance of retaining biodiversity and desired traits within the pool of traditional livestock and threats to the environment from poor management practices and uncontrolled numbers and the relevant tools to enable community managed remedial interventions will be covered in capacity building activities and in the knowledge centres.

4. DESCRIPTION OF THE ACTION

4.1 OBJECTIVES/RESULTS

The **Overall objective** of the proposed action, in line with the NIP Specific Objective 1 of the 11th EDF NIP for Ethiopia "Increase sustainable agricultural productivity and improve the marketing of agricultural products", is to "Increase sustainable livestock productivity and improve the marketing of livestock products"

The **Specific Objective** of the project action is: "quality and reliability of integrated public and private veterinary service delivery improved taking into account the increasing impacts of climate change".

This will be achieved through the following Outputs:

- a) Strengthening the quality of public and private veterinary services and delivery through the creation of an enabled and rationalised environment

- b) Improving the technical competences (knowledge, skills and attitude) and incentives for veterinary service providers to deliver better and rationalised services..
- c) Improving the food safety of primary products of animal origin and better control of zoonotic diseases achieved.

The project is expected to create an enabling and more remunerated environment for all livestock sector stakeholders' relative to their contribution to the domestic and export value chains.

4.2 MAIN ACTIVITIES

The project objective will be achieved through three outputs, which build on the lessons learnt and best practices determined under the completed LVC-PPD project.

Result 1. The quality of public and private veterinary services strengthened and delivery optimised (through the creation of an enabled and rationalised environment).

The project will improve the technical capacity of an integrated public and private veterinary service. Contributing to actions guided by the previous OIE PVS and Gap Analysis,

This outcome will be achieved through the following activities:

- 1.1 *Raise the quality of Veterinary Service performance by adopting OIE Performance of Veterinarian Services (PVS) and Gap analysis recommendations:* carrying out PVS self-assessments at the regional level, and conducting a follow up PVS analysis with OIE experts;
- 1.2 *Enhance laboratory human and material diagnostic capacity:* supplying federal, regional and zonal/woreda laboratories with required equipment, consumables and on the job training to improve disease diagnosis; supporting the MoLF Kaliti central laboratory to implement its mandate of residue testing; piloting, by regional laboratories, the use of a laboratory information system
- 1.3 *Reduce impact of animal diseases through improved disease surveillance, disease control, and risk-based vaccination programmes (considering the impact of climate change on animal health, production and spread of vector-borne diseases):* reducing the impact of livestock diseases through improved disease diagnosis, surveillance and informed decision-making based on an analysis of National Animal Disease Surveillance System data in regional and zonal laboratories; improving the quality and choice of veterinary drugs in the market; working with the EC SHARE on vaccination strategies for PPR, SGP, CCPP in areas bordering the SHARE programme; improving vaccine supply, cold chain integrity; and conducting risk-based vaccination programmes.
- 1.4 *Pilot innovative and gender sensitive animal health approaches to increase production, productivity and value addition in the livestock value chain:* pilot activities that will determine and demonstrate gender-sensitive best practices for improved herd health and reduced young stock mortality, using community participation and participatory epidemiology to identify problems and solutions.
- 1.5 *Create an enabling environment for the development and rationalisation of animal health service delivery system:* The MoLF will support an enabling environment for the consolidation and scaling-up of key LVC-PPD project initiatives, including the establishment of the Veterinary Service Body, implementing the Veterinary Services Rationalisation Road Map and ensuring that all outstanding legislation is passed
- 1.6 *Improve the quality of sheep and goat skin production by enhancing animal health service delivery and capacity building to relevant stakeholders.*

Result 2. Technical competences (knowledge, skills and attitude) and incentives for veterinary service providers improved to deliver better and rationalised services.

The ability of veterinary service providers to deliver improved and privatised veterinary services will be improved through piloting the Veterinary Services Rationalisation Road Map in selected woredas, including areas previously lacking services such as trekking corridors.

The following activities will contribute to the outcome:

- 2.1 *Pilot the Veterinary Privatisation Road Map:* support the development of guidelines to clearly delineate the roles in private and public services to enable an increased numbers of veterinary providers to enter and make a living in the private sector, supported credit guarantee schemes.
- 2.2 *Develop training materials and implement innovative delivery methods for skill development in veterinary professionals, para-professionals, livestock producers and processors:* capacity building of the veterinary sector will be supported by the development of training materials, the use of adult training methods, and training cascades for on-the-job / learning by doing skill development. To ensure continuing skill and knowledge development after graduation, National Universities will be supported to achieve OIE day-one competencies through the Veterinary Education Forum (VEF) and Continuing Professional Development programmes. The role of women as livestock carers and producers will be enhanced and business skills training will be made available to veterinary professionals and para-professionals and to private sector actors.
- 2.3 *Make available and disseminate resources for animal health knowledge, best practices and research findings, including measures to mitigate against the impact of climate change:* technical information will be disseminated through a knowledge centre, based in the Ethiopian Veterinary Association, through the National Veterinary University, ILRI's knowledge centres attached to the ILRI-LIVES project, and through organizing national and international conferences.

Result 3. Food safety of primary products of animal origin improved and better control of zoonotic diseases achieved.

Food safety and traceability are a pre-requisite for livestock value chain development. The food safety of local and export livestock value chains need to be improved through continued development of the Livestock Identification and Traceability System.

- 3.1 *Improve quality, safety and welfare of live animals and meat products in export and domestic value chains:* support for improving internal and export Livestock Value Chain through strengthening the Livestock Identification and Traceability System (LITS), regular testing of Products of Animal Origin, and creating a Meat Inspection course at the National Veterinary University that will graduate 60 meat inspectors a year. Local and export abattoirs will be supported to improve the quality of the product produced, by improving their infrastructure, hygiene and sanitation, staff management, and animal welfare. This will support consumers' rights to safe Products of Animal Origin, protect existing markets, and gain new markets.

4.3 Intervention Logic

Within the context of increasing livestock production, productivity and value addition:

The outputs under Result 1 will create an enhanced and integrated veterinary service and will be achieved by the following outputs: improving the performance and quality of veterinary services delivered, assuming correct and effective remedial action is taken by the

MoLF and as guided by OIE - PVS and Gap Analysis recommendations; enhancing the relevance of and access to laboratory services by strengthening diagnostic capacity which is critically needed for transitioning from the current situation where few outbreaks are confirmed in laboratories to a diagnostic approach that is based on evidence from many samples for the treatment and control of diseases.

The project will strengthen disease surveillance, disease control and risk-based vaccination programmes to reduce impact of animal diseases and develop true vertical integration between cadres and horizontal integration between public and private sectors to achieve economies of scale and a broad and comprehensive outreach.

Approaches to increasing production, productivity and value addition in the livestock value chain, through applying selected animal health interventions, will be identified by ILRI in collaboration with the national Universities; this collaboration will bring the necessary creative and informed critical mass to bear in the design and piloting of truly innovative approaches.

An enabling livestock policy, legislative and investment environment will be guided by a conducive and informed livestock strategy targeted to enable and encourage private sector delivery of animal health private goods and participation in the delivery of public goods. The establishment of a Veterinary Service Body is a key to overall quality control in the private sector and the active support of the MoLF for the privatisation of services per se a necessary pre-condition.

The Outputs under Result 2 are designed to strengthen knowledge, skills, attitudes and provide incentives for improving the services delivered in the LVC inclusive of: piloting the Veterinary Services Rationalisation Road Map for which considerable paradigm shifts in knowledge, skills, attitudes will be needed along with consensus from all key stakeholders in providing the pilot areas with an untrammelled and level playing field; the development and delivery of updated learning materials using e-learning and other cost effective, high impact and result orientated approaches largely dependent on their adoption and exploitation by the Universities, for which ILRI will have much to contribute; and the creation of accessible knowledge hubs predicated on a culture of open learning and sharing of materials.

The Output under Result 3 is designed to improve food safety and engender better control of zoonoses through strengthening standards of practice along the domestic and export livestock value chains. As in the outputs described under outcome 1 the realisation will be significantly greater if a truly effective public private partnership approach is taken with the strong and wholehearted support of the MoLF.

The three results of providing an enabling environment, updating skills and knowledge and addressing major challenges of food safety in the LVC have been designed to work in tandem and provide mutual and synergistic support towards providing the necessary holistic approach for increasing livestock production, productivity and value addition in support of the overall project objective.

5. IMPLEMENTATION

5.1 FINANCING AGREEMENT

In order to implement this action, it is foreseen to conclude a financing agreement with the partner country, referred to in Article 17 of Annex IV to the ACP-EU Partnership Agreement.

5.2 INDICATIVE IMPLEMENTATION PERIOD

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute non-substantial amendment in the sense of Article 9(4) of the Annex to Regulation (EU) No 322/2015.

5.3 NOT RELEVANT

5.4 IMPLEMENTATION MODALITIES

5.4.1.1 Grant: direct award "Food safety of animal products" (direct management)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The specific objective of the grant is to support the national level programs and initiatives of the Ministry of Livestock and Fisheries to create an enabling environment in which all livestock sector stakeholders' will become more profitable, specifically linked to Result 3.

Main outputs and activities include 1) strengthening the Livestock Identification and Traceability System, 2) regular testing of Products of Animal Origin and 3) creating a University-based Meat Inspection course that will graduate 60 meat inspectors a year.

(b) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the grant may be awarded without a call for proposals to Ministry of Livestock and Fisheries.

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the Ministry of Livestock and Fisheries has the de facto monopoly for as their statutory role of creating an enabling environment in the Livestock sector. The Federal MoLF is entrusted with its powers and duties by proclamation No. 196/2015 in terms of ensuring access to quality veterinary services, monitoring of the proper administration and quality control of veterinary drugs, livestock feeds, and quality standards of any import and export of livestock or livestock product.

As stated under the last point of the Risk and mitigation measures table of point 2 above, the use of a grant will be a new funding modality for the Federal MoLF. This places a demand on Ministry for adequate operational and financial management capacity to effectively implement the proposed action including the proper management of project funds as per the EC procurement rules and regulations.

As a mitigating measure, the action includes a service contract to provide Technical Assistance, which will establish a small project coordination office at the Federal

MoLF- Animal Health and Feed Control Directorate, composed of experts with international and national experience.

The TA's tasks shall cover both operational and financial management aspects specifically on the procurement rules and procedures that are compatible with EU-required standards

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80%.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 37 of (EU) regulation n° 323/2015 if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

First trimester of the 2018

5.4.1.2 Indirect management with the partner country

A part of this action with the objectives to strengthen the quality of public and private veterinary services strengthened (output/result 1) and provide technical competences and incentives for veterinary service providers (Result/Output 2), may be implemented in indirect management with Ethiopia in accordance with Article 58(1)(c) of the Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Regulation (EU) No 323/2015 according to the following modalities:

The partner country will act as the contracting authority for the procurement and grant procedures. The Commission will control ex ante all the procurement and grant procedures.

Payments are executed by the Commission.

In accordance with Article 190(2)(b) of Regulation (EU, Euratom) No 966/2012 and Article 262(3) of Delegated Regulation (EU) No 1268/2012 applicable by virtue of Article 36 of the Regulation (EU) 323/2015 and Article 19c(1) of Annex IV to the ACP-EU Partnership Agreement, the partner country shall apply procurement rules of Chapter 3 of Title IV of Part Two of Regulation (EU, Euratom) No 966/2012. These rules, as well as rules on grant procedures in accordance with Article 193 of Regulation (EU, Euratom) No 966/2012 applicable by virtue of Article 17 of the Regulation (EU) No 323/2015, will be laid down in the financing agreement concluded with the partner country.

a) Overview of implementation *this sub-section which is needed for the TAPs has to be deleted for processing the draft FinDec/AAP.*

Activity/objective/result, include location	Type of financing (works, supplies, or service contract, grant, programme estimate)
Result/Output 1) To support the improvements of animal health service delivery at the regional, and district level through enhancing the human and material capacity of regional and <i>woreda</i> veterinary clinics and laboratories; improving quality of animal health services. Related to Result 1 and implemented in three National Regional States in Ethiopia	Grant (with three selected Regional Bureau of Livestock and Agriculture)
Result/Output 2) strengthening the technical competences (knowledge, skills and attitude) and incentives for veterinary service providers improved to deliver better and rationalised services. All over Ethiopia	Grant (With the International Livestock Research Institute (ILRI) ⁵ , with the Ethiopian Veterinary Association (EVA) as co-applicant)
Result/Output 1) Procurement of equipment for cold chain including backup generators and electric facility and implemented in three National Regional States in Ethiopia. Result/Output 3) Procurement of cars and motorcycles in support of MoLF programme management	Procurement Contract(s)
Result/Output 1 and 3 Cross cutting Technical support to the MoLF and Regional Bureau of Livestock and Agriculture, coordination of the stakeholders, and the conduct of studies <ul style="list-style-type: none"> • Improved programmes implementation performance, reporting, communication and documentation, • Documented lessons and good practices to scale-up/scale out All over Ethiopia	Service Contract(s)

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

The objectives of the grant with the Regional Bureau of Livestock and Agriculture is that the quality of public and private veterinary services is strengthened and delivery is optimised through the creation of an enabled and rationalised environment.

The objectives of the grant with ILRI and EVA that the technical competences (knowledge, skills, and attitude) and incentives for veterinary service providers are improved to deliver better and rationalised services.

⁵ ILRI is an international research institute connected to the CGIAR (formerly the Consultative Group for International Agricultural Research)

(b) Justification of direct grants under indirect management

The grants under indirect management may be awarded without a call for proposals to Agricultural and Livestock Development Bureau of National Regional State 1, Agricultural and Livestock Development Bureau of National Regional State 2, Agricultural and Livestock Development Bureau of National Regional 3, and to the International Livestock Research Institute –ILRI with the Ethiopian Veterinary Association –EVA as co-applicant. The three Regional Bureaus are part of the Administration of the Regional states, and have distinct legal personality from the Federal Government. In accordance to the decentralized Federal Government structure, the power is vested to the national regional state bureau's for the planning and executions of the overall development programs in their respective constituencies (regional, zonal and Woreda administration levels) including the implementation of the national policy and strategies in close coordination with the Federal line ministries.

The recourse to an award of a grant without a call for proposals is justified because:

- a) The National Regional States Bureau of Livestock and Agriculture are mandated for the execution of the livestock policy and strategies, legislatives and investments within their respective regions'. They are responsible for integrated animal health services including: 1) undertaking of animal diseases surveillance, 2) disease control and risk-based vaccination programmes, 3) technical backstopping's, and 4) monitoring and supervision of public and private veterinary service deliveries at both the Regional/zonal and woreda administration levels which includes the outreach services by vet posts/clinics, the services by the Regional/Zonal vet laboratories, and quality control of veterinary drugs in the local market.
- b) ILRI is a centre of technical excellence in the livestock sector having well-established office in Ethiopia, and undertaking researches and the promotion of innovative practices and dissemination of knowledge based research findings inclusive of application of advanced technologies in livestock disease control.
- c) EVA has key role in bringing the veterinary community together on pertinent issues including the rationalisation of the veterinary service, quality of veterinary education and career development, and also EVA as national civil society organization is playing advocacy role for the development of appropriate and inclusive policies and legislations towards the advancement of rationalized and quality public and private veterinary service deliveries in the country.

The risks in relation to the other grant to ILRI/EVA are considered minimal as both have the required operational capacity and have been implementing EU funded grant projects in the livestock sector including the completed 10th EDF LVC-PPD project.

As stated under the last point of the Risk and mitigation measures table of point 2 above, the use of grants will be a new funding modality for the three national regional states Bureau of Livestock and Agriculture. This places a demand on grant holders for adequate operational and financial management capacity to effectively implement the proposed action including the proper management of the project fund as per the EC procurement rules and regulations.

The following mitigating measures to reduce the fiduciary risks are included in the action:

1) Technical assistance

The service contract will provide Technical Assistance, which will establish a full-time Technical Assistance Team composed of experts with international and national experience. The tasks will cover both operational and financial management aspects and will:

- Provide on the job trainings on grant contract management (such as EDF-compatible procurement rules and procedures) to relevant staff of all the grant holders.
- At the inception a package of training on the EU Grants procedures will be organized for all relevant implementing partners' staff.

2) Reporting:

All the grantees shall submit bi-annual progress reports to both the EU Delegation and NAO.

3) AUDIT:

- All the five grantees (MoLF, the three national regional states livestock and Agricultural Bureau's and ILRI/EVA) will undergo a systems audit prior to the conclusion of the grants, to be implemented under centralised implementation, contracted by the EU.

5.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply. The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 22(1) (b) of Annex IV to the ACP-EU Partnership Agreement.

5.6 Indicative budget

Module	EU contribution (amount in EUR)	Indicative third party contribution, in currency identified
5.4.1.1 Direct Management		
Grant to the Federal Ministry of Livestock and Fisheries (MoLF) Outcome 3	1 900 000	0
5.4.1.2 Indirect Management		
Three grants, one each to three selected National Regional states Bureau of Agriculture and Livestock	6 000 000	
Grant to International Livestock Research Institute and the Ethiopian Veterinary Association	3 800 000	0
Procurement of supply in support of outcome 1 and outcome 3	1 100 000	0
Long term TA support and studies in support of outcome 1 and outcome 3	1 450 000	0
Direct management		
Communication and Visibility	50,000	0
Evaluation and Audit	200,000	0
Contingencies	500,000	0
Totals	15,000,000	0

5.7 ORGANISATIONAL SET-UP AND RESPONSIBILITIES

The planned aid modality will be by a grant in indirect management to the Regional Bureau of Livestock and Agriculture for implementation of Result 1. A second grant in indirect management will be made to International Livestock Research Institute and with the Ethiopian Veterinary Association for joint implementation of Result 2; and the third grant in

direct management will be made to the Federal Ministry of Livestock and Fisheries for the implementation of Result 3. The Agricultural Transformation Agency will be a strategic partner supporting the implementation of the planned activities under Result 1 and 2; and the OIE, already having a partnership agreement with the MoLF, will provide a technical advisory / back stopping support. The MoLF will have a key decision role in approving / endorsing the submitted proposals including the awarding of contracts as well as the planning and monitoring of the other two (Regional Bureau of Livestock and Agriculture and ILRI/EVA) grant projects. A project Technical Assistance Team will be established at the MoLF- Animal Health and Feed Control Directorate. At the regional level the capacity building and pilot activities will be supported by focal person assigned to each region (supported as needed by national and expatriate Short Term Experts, based at appropriate Regional Bureau of Agriculture and Livestock to cover selected regional states). Where possible, a strong working links will be established with relevant Ethiopian Universities. This will utilise their expertise and mandate to build capacity of livestock service providers to address constraints affecting livestock production, productivity and value addition along the livestock value chain. It is recommended that innovative funding mechanisms are adopted that facilitate the implementation of planned activities involving piloting and scaling up of innovative approaches and applied research, as well as delivering significant technical capacity building support at the regional states and Zonal/woreda levels, minimising bureaucratic delays and rewarding responsibility for and achievement of programme targets.

A project Steering Committee (SC) will be established for the oversight of the project implementation and to deal with the governance of the project including ensuring compliance with the applicable policies, strategies and standards. The members of the SC committee shall be from the Federal MoFEC; the EU Delegation, the Federal MoLF, and the other the three selected regional Bureau of Agriculture/livestock, ILRI, EVA, ATA, the Federal Ministry of Trade, and other relevant key stakeholders to be decided during the project inception phase.

5.8 Performance monitoring and reporting

A baseline survey will be carried out by independent consultant at the inception of the project period using the budget provision under Long term TA support & Studies and also under the grant to ILRI/EVA in order to establish a more refined set of indicators for both progress monitoring and impacts at the end of implementation

In addition to the monitoring and reporting actions below, the Ministry of Livestock and Fisheries will submit quarterly reports to the office of the NAO and the EU. Furthermore, the other grantees: the three regional bureaus of livestock and Agriculture and ILRI/EVA shall submit bi-annual progress reports to both the EU Delegation and NAO

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partners responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaboration of regular quarterly and annual progress and financial reports and final Implementation reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the log frame matrix. The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed, and of the

budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

A baseline survey will be carried out by independent consultant at the inception phase of the project period using the budget provision under Long term TA support & Studies in order to establish a more refined set of indicators for both progress monitoring and impacts at the end of implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

5.9 EVALUATION

Having regard to the nature of the action, mid-term and final evaluations will] be carried out for this action or its components via independent consultants contracted by the Commission.

The mid-term evaluation will be carried out for problem solving in particular with respect to planning of the second half of the project.

The final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account that this action supports the improved functioning of the private veterinary sector in the livestock value chain.

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

Indicatively, two contracts for evaluation services shall be concluded under a framework contract, one in the middle of 2020 and the other at the end of 2022.

5.10 AUDIT

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements. The Commission will also to launch an initial system audits on all the grantees.

Indicatively, two contracts for audit services shall be concluded under a framework contract one in the early part of 2018 to undertake systems audits of the grantees at the initial stage of the action and the other in 2022 for an ex-post audit.

Annual and final external expenditure verification reports shall be submitted by each of the five grantees.

5.11 COMMUNICATION AND VISIBILITY

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.6 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

A comprehensive communication and visibility work plan will be developed during the inception phase of the project through one or more service contracts using the budget indicated in 5.6 for visibility and communication. Additional budget for visibility and communication actions will be allocated under each of the grant's to be managed and operationalized by the respective Grantee's/partners through procurement - service contracts.

[APPENDIX 1 - INDICATIVE LOG FRAME MATRIX (FOR PROJECT MODALITY)]

The activities, the expected outputs and all the indicators, targets and baselines included in the log frame matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. It will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Results' chain'	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Overall objective: Impact	To increase livestock productivity and improve the marketing of livestock products	<ul style="list-style-type: none"> % yearly increased domestic value and extremal trade volume of livestock 	2018 baselines (initial baseline data to be appraised by independent consultants at inception phase)	2018-21 <i>(Target to be set based on the data from the baseline survey to be conducted at inception phase)</i>	<ul style="list-style-type: none"> MoLF and Regional BoA/L annual reports MoT annual reports Independent Midterm and final evaluation reports 	
Specific objective(s): Outcome(s)	SO: To improve quality and reliability of integrated public and private veterinary service delivery taking into account the increasing impacts of climate change	1.1 % reduced rate of young and adult stock mortality 1.2 % annual increase in live animal and chilled meat exports from Ethiopia 1.3 improvement in hide grading from XX the sample number of woredas 1.4 XX Number of measures developed to mitigate against the impact of climate change	2018 baselines (initial baseline data to be appraised by independent consultants at inception phase)	2020-21 <i>(Target to be set under the three grants to be contracted).</i>	<ul style="list-style-type: none"> MoLF reports Regional veterinary service delivery reports OIE PVS follow-up reports MoT and Leather industry reports Independent Midterm and final evaluation reports 	<ul style="list-style-type: none"> Government supports an enabling environment for rationalized veterinary services through passing legislation including the privatisation of animal health services across Ethiopia

	Results' chain'	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
Outputs	<ul style="list-style-type: none"> Output 1: Strengthened quality of public and private veterinary services and optimised delivery (through the creation of an enabled and rationalised environment) 	<p>1.1.1 Improved horizontal integration of public and private service delivery in pilot woredas</p> <p>1.1.2 Surface of external parasite control area c</p> <p>1.1.3 • The number of disease surveillance conducted, and samples collected and analysed for disease control, and risk-based vaccination</p> <p>1.1.4 Status of Innovative and gender sensitive herd health messages.</p> <p>1.1.5 Annual change in women involved in recommended herd health practices.</p>	<p>2018 baseline (initial baseline data to be appraised by independent consultants at inception phase)</p>	<p>2020-21</p> <p>1.1.1 At least 30 woredas</p> <p>1.1.2 At least 50% in area</p> <p>1.1.3 At least 100 per month</p> <p>1.1.4 At least 20 messages</p> <p>1.1.5 At least 10% annual increase</p>	<p>1.1.1/4&5 MoLF – AHFCS reports,</p> <p>1.1.1 OIE follow-up PVS report</p> <p>1.1.2 & 3 National Animal Disease Surveillance System (NADSS) data in regional and zonal laboratories reports</p>	<p>1.1.1 The majority of veterinarians are committed to the Veterinary Statutory Body (VSB).</p> <p>1.1.1 GoE supports the privatisation of animal health services across Ethiopia</p> <p>1.1.3 Outbreaks of trans-boundary animal diseases are successfully controlled in the Horn of Africa.</p>

	Results' chain'	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources and means of verification	Assumptions
	<ul style="list-style-type: none"> Output 2: Improved technical competences (knowledge, skills, attitude) and incentives for veterinary service providers to deliver better and rationalised services 	<p>1.2.1 The number of complementary and synergistic public / private delivery service models piloted</p> <p>1.2.2 The number of 11 OIE day one competencies adopted and achieved by Veterinary faculties (<i>ETH 11th EDF NIP #1.1</i>)</p> <p>1.2.3 The number of private veterinarians and livestock producers, processors and traders trained in business skills (<i>**EU RF Level 2 #28</i>)</p> <p>1.2.4 The number of animal health knowledge centre, established, active and consulted (<i>**EU RF Level 2 #7</i>)</p>	<p>2018 baseline (initial baseline data to be appraised by independent consultants at inception phase)</p>	<p>2020-21</p> <p>1.2.1 At least 8 models</p> <p>1.2.2 At least 50 % of faculties</p> <p>1.2.3 At least 500 people trained</p> <p>1.2.4 At least 20 centres</p>	<p>1.2.1&2 ILRI/EVA; MoLF and OIE PVS follow-up reports.</p> <p>1.2.3&4 CPD Training reports;</p> <p>1.2.1 Regional government assessment of outputs</p>	<p>1.2.1 There is ongoing demand for more professional and specialised veterinarians.</p> <p>1.2.3&4 Innovative training methods is accepted by trainers and trainees</p>
	<ul style="list-style-type: none"> Output 3: Improved food safety of primary products of animal origin and better control of zoonotic diseases achieved 	<p>1.3.1 The number of export abattoirs certified and using the audit tool</p> <p>1.3.2 Number of Municipal abattoirs with standard facilities</p> <p>1.3.3 Number of Export and municipal abattoirs with standards of animal welfare practiced</p>	<p>2018 baseline (initial baseline data to be appraised by independent consultants at inception phase)</p>	<p>2020-21</p> <p>1.3.1 At least 16 abattoirs</p> <p>1.3.2 At least 50 abattoirs</p> <p>1.3.3 At least 16 export and 100 municipal abattoirs</p>	<p>1.3.2 MoLF - AHFCS Reports</p> <p>1.3.1/1.3.3 OIE follow-up PVS report</p> <p>1.3.1/2/3 Meat inspection training facility reports</p> <p>1.3.2 Community and private groups consultations</p>	<p>1.3.2&3 Ethiopian Government continue to prioritize food safety,</p> <p>1.3.1 Food Safety issues dealt with a transparent manner by concerned Government institutions and private groups</p>

