
NOTE

To: External Grant Committee J.nr.:
CC: Enclosure:
From: Embassy Addis Ababa Date:
Subject: Agenda Item Number: 4
Inception Report: Greening Agricultural Transformation in Ethiopia (GATE)

The grant proposal “Greening Agricultural Transformation in Ethiopia” (GATE) was recommended by the External Grant Committee for approval by the Minister in October 2014. The Committee asked for an opportunity to discuss implementation of the programme after the planned inception phase. The Inception Review has now been undertaken with the overall conclusion that implementation of the programme is proceeding satisfactorily. The recommendations from the Review Team have proved most useful in the Embassy’s continued dialogue with the Ethiopian partners.

At its meeting on 7 October 2014, the External Grant Committee recommended the grant proposal “Greening Agricultural Transformation in Ethiopia” (GATE) for approval by the Minister. At the same time, the Committee asked for an opportunity to discuss implementation of the programme after the planned inception phase. Furthermore, the Committee felt that issues related to rights, including land rights, needed to be included more explicitly in the dialogue with the Ethiopian authorities. On the basis of the recommendation of the Grant Committee, the Embassy has continuously engaged with the Ethiopian Government on these and other issues through the local Development Assistance Group (DAG), the EU, and in its own bilateral dialogue.

Following the programme’s inception phase, which ended on 31 October 2015, an Inception Review has been undertaken (cf. the attached report), with the overall conclusion that implementation of the GATE-programme was proceeding satisfactorily. The Inception Review took place against the backdrop of the worst drought in Ethiopia in decades, leaving more than 10 million people in need of food aid, and political tensions in the Oromia Region related i.a. to poor governance, local corruption, and land rights. On this basis, the Review Team recommended to ensure closer monitoring of the contextual situation in Ethiopia, including resettlement and land aggregation, and to strengthen safeguard mechanisms. The Embassy agrees to these recommendations, and the issues have subsequently been extensively discussed with the partners engaged in the programme’s two engagements.

For both engagements, a revision of the results frameworks and budgets has been undertaken following the Review Team's recommendations. A number of other conclusions and recommendations have proved most useful in the dialogue with the Ethiopian partners:

1. The Embassy has engaged with the Agricultural Transformation Agency (ATA) – the biggest engagement in the programme – on the issue of largescale commercial farming; sometimes leading to land aggregation. By the end of 2015, discussions within the Ethiopian Government to broaden ATA's mandate into largescale commercial farming, including into other geographical areas in Ethiopia outside ATA's traditional geographical focus, were undertaken. This could have challenged cooperation between ATA and its partners. It was successfully argued by the Embassy that a more sustainable avenue would be not to broaden ATA's geographical focus, and that the GATE programme's engagement in largescale commercial farming instead should focus on creating market linkages between smallholder famers and commercial farms. As a consequence, the GATE programme does not risk contributing to land aggregation or resettlement of small holder farmers, but it will continue to provide a channel for dialogue between the Embassy and Ethiopian authorities on these delicate issues.

The Review Team also concluded that the engagement with ATA has proved to be extremely well-timed and successful in greening both its own operations as well as the GTP II, which has come out with clear green targets and indicators, especially for the agricultural sector as a direct result of the ATA engagement. The Review Team notes that such achievements would not have been possible without the Danish support. Some delays in programme implementation during the inception phase – mainly due to bureaucratic reasons – have been observed. However, implementation has gathered speed over the last couple of months, including with rigours consultation at ministerial level in order to further promote the green agenda. Recommendations are put forward, including on the need for some flexibility on the use of ATA funding, and the need for a simplified results framework. The Embassy agrees to these recommendations and has taken appropriate action in this regard.

2. The Inception Review took note that the Climate Resilient Green Economy (CRGE) engagement – mainly in the form of two sectoral investment proposals – has experienced some delays in implementation due to limited capacity among stakeholders in regard to project proposal preparation, appraisal, and approval. However, it is emphasised that process targets set for the inception period have largely been met. A national capacity building programme is yet to be finalised. Recommendations on issues such as monitoring, reporting, and learning, a clearer results framework, and follow-up and focus on ensuring that the national capacity building programme is finalised were put forward. The Embassy has noted the recommendations and taken action in this regard.

Addis Ababa

Annexes attached:

1. Inception Review of the Greening Agricultural Transformation in Ethiopia (GATE) Thematic Programme
2. Minutes from Grant Committee meeting 7 October 2014

Supplementary material:

1. Greening Agricultural Transformation in Ethiopia (GATE) – Inception Phase Report
2. CRGE Facility (MoFEC) Inception Phase Report: Greening Agricultural Transformation in Ethiopia (GATE)