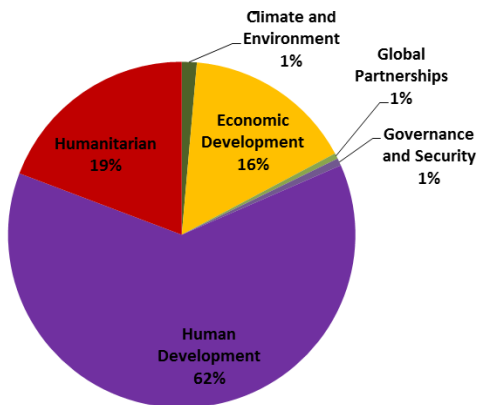




The Department for International Development (DFID) leads the UK's global efforts to end extreme poverty, deliver the Global Goals for Sustainable Development (SDGs) and tackle a wide range of global development challenges. The UK's focus and international leadership on economic development is a vital part of Global Britain - harnessing the potential of new trade relationships, creating jobs and channelling investment to the world's poorest countries. Throughout history, sustained, job-creating growth has played the greatest role in lifting huge numbers of people out of grinding poverty. This is what developing countries want and is what the international system needs to help deliver. Whilst there is an urgent need for traditional aid in many parts of the world, ultimately economic development is how we will achieve the Global Goals and help countries move beyond the need for aid.

| | |
|----------------------------|-------|
| Planned Budget for 2017/18 | £332m |
| Planned Budget for 2018/19 | £332m |

Sector breakdown of 2017/18 bilateral plans



Top 3 planned spending programmes in 2017/18 (as at June 2017)

| | |
|---|--------|
| Productive Safety Net Programme | £49.6m |
| Sustaining and Accelerating Primary Health Care | £45m |
| Building Resilience in Ethiopia | £30m |

Contribution to the Global Goals and other government commitments (achieved as at March 2017)*

- 1.2 million children supported to gain a decent education
- 755 thousand people with sustainable access to clean water and/or sanitation
- 5.7 million children under 5, women and adolescent girls reached through nutrition related interventions
- 31 thousand additional women and girls using modern methods of family planning

Headline deliverables

- Building resilience to crises:** Between 2010 and 2015, DFID support prevented 4.2 million people from going hungry at a time when the country experienced severe drought, and helped to save a child's life every 40 minutes. Our continued programmes will ensure 4.1 million Ethiopians are able to withstand climate shocks and drought, protect the most vulnerable and improve nutrition for 5.7 million people, as well as working together on migration challenges which is in both the UK and Ethiopia's interests.
- Economic development:** Ethiopia's GDP has tripled since 2005 and living standards have risen markedly. DFID support is catalysing over £500 million in new investment and helping to generate jobs and better incomes, and access to finance for over a million people, as well as to increase tax revenue by two percentage points to provide more support for public services such as health and education.
- Basic services:** DFID support has provided 4.9 million people with access to water and sanitation, and enabled 500,000 more women to use modern methods of family planning. Our ongoing work will support 1.2 million children in school, provide 1 million more people with family planning services, and help 2.4 million people access water and sanitation services.

Why is DFID investing in Ethiopia?

* Results less than 1 million are rounded to the nearest thousand. Results over 1 million are rounded to the nearest hundred thousand.

The Ethiopian government has used its own resources and international aid to boost economic development and lift millions out of poverty over the past two decades, through significant investment in public services. Since the early 1990s, primary school net enrolment has risen from 20% to 93%, and access to clean water from 14% to 57%. Child mortality has fallen by 67% and maternal mortality by 69%. In recent years Ethiopia's economy has grown by about 8% per year. The government's push to industrialise is creating new jobs for its people, and economic opportunities for countries such as the UK.

However Ethiopia remains a country with enormous development needs. It ranks 174th out of 188 countries on the Human Development Index (the internationally accepted measure of achievement in human development). Contributing factors are that Ethiopia still has high rates of chronic malnutrition (44%) and maternal mortality, and that Female Genital Mutilation/Cutting and early marriage lead to acute gender inequalities. Further support is required to help Ethiopia continue on its path towards lower-middle income status, ensuring no-one is left behind. It has delivered its remarkable development gains through a tightly controlled political system, which is increasingly being challenged by its citizens.

The UK relies on a stable Ethiopia that is supportive of our foreign policy priorities in the Horn of Africa, particularly in relation to Somalia and South Sudan. Ethiopia is the largest contributor of peacekeeping forces in the world and particularly in its neighbourhood. Ethiopia hosts the second largest refugee population in Africa (830,000 refugees) from South Sudan, Somalia, Sudan and Eritrea. It is also a transit country for Eritrean and Somali refugees migrating to Europe: 40,000-50,000 take the "central Mediterranean" route each year. Ethiopia therefore has a critical role to play in deterring irregular migration.

How will the UK respond to opportunities and challenges?

The UK's vision is that by 2020, Ethiopia is transforming into a stable, industrialised, resilient, more inclusive country, able to self-finance its way out of poverty and harness the potential of its youth. DFID will contribute to this through a portfolio of programmes which aim to significantly raise standards in education, family planning, water and sanitation. We will invest in Ethiopia's economic development through supporting the creation of industrial parks, the generation of jobs (for Ethiopians and refugees) and better incomes, and through catalysing new investment. Underpinning all of this, we will support Ethiopia to significantly increase its tax base, as the main means of financing development in the coming years and helping the country to stand on its own two feet. We will support civil society and use our influence to encourage development of a more open political system.

What is being achieved for the UK?

Ethiopia is a strategically important partner for the UK in tackling poverty, regional instability and irregular migration. The UK has a constructive relationship with the government of Ethiopia which allows us to work closely together in the interests of both countries. Trade is growing, with UK exports to Ethiopia tripling from £55 million in 2007 to £185 million in 2015. Ethiopia is now a country of focus for the UK Government to stimulate far greater trade and investment. Major UK firms such as Diageo and Unilever are present in Ethiopia. We are supporting the government to simplify business and tax legislation and help open up the economy to greater foreign direct investment. DFID's £80 million contribution to the 2016 Jobs Compact (a \$500 million investment by the international community) will help create jobs for 100,000 people, including from Ethiopia's significant refugee population. Together with a £125 million investment to tackle migration issues and help refugees have a long-term life in Ethiopia, this will reduce incentives for onward migration to Europe and the numbers of people who may otherwise fall victim to criminal gangs and people smugglers. UK aid will continue to save lives by supporting more than 3.8 million people in drought affected areas, while helping communities become more able to withstand future crises. Together these actions support growth and stability, in turn helping Ethiopia to play a leading and stabilising role in a region where conflict is rife, which is firmly in our national interest.

Partners

- DFID works closely with other UK Government departments including the Foreign and Commonwealth Office, the Ministry of Defence, the Department for International Trade and the Home Office.
- DFID works collaboratively with the government of Ethiopia as well as with contractors, other donors, Non-Governmental Organisations and civil society in Ethiopia. For some sectors such as health, education and water, DFID provides financial aid that is linked to the achievement of specific results. This is the most effective way to deliver development results and improve partner governments' ability to take responsibility and ownership faster and more efficiently.

- DFID also works with organisations such as the World Bank, African Development Bank and United Nations agencies including UNICEF and the Office for the Coordination of Humanitarian Affairs.