



WORLD BANK GROUP

Ethiopia Country Partnership Framework:

Consultations, Addis Ababa
August 2016

The World Bank Group

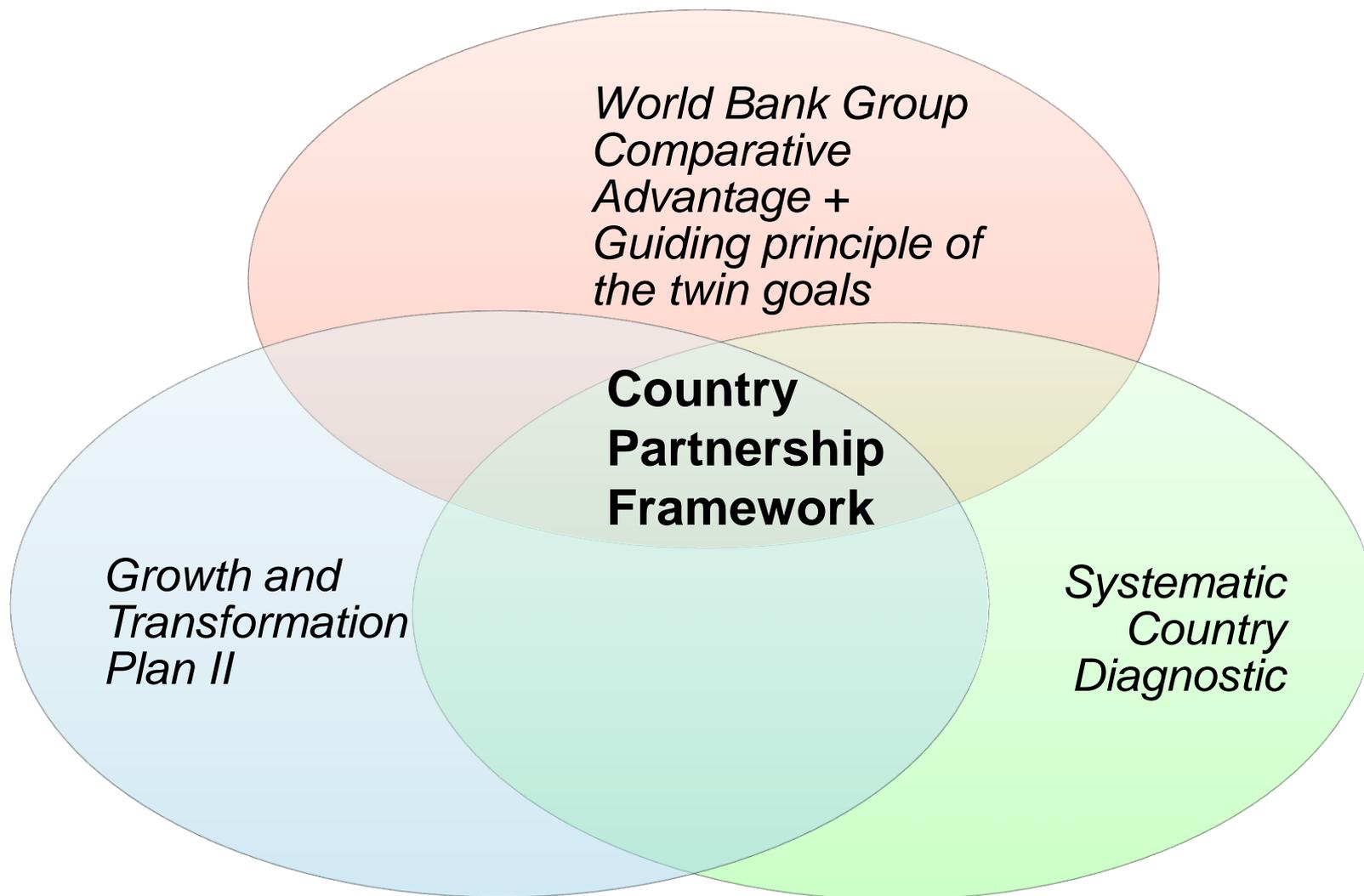
- Overarching mission is a world free of poverty
- Two goals for the world to achieve by 2030:
 - End extreme poverty by decreasing the percentage of people living below the poverty line to no more than 3%
 - Promote shared prosperity by fostering the income growth of the bottom 40% for every country

Strengthened Country Engagement Process



- SCD—analytical underpinnings for CPFs
- **CPF**—WBG program based on SCD, WBG comparative advantage and country demand
- PLR—updates CPF to reflect implementation progress
- **CLR**—assess CPF results and draws lessons learned

CPF Selectivity Filters



CPF Approach

World Bank Group will apply a combination of ...

- Lending
- Advisory and Analytical
- Convening Power

... with an emphasis on **Innovation** ...

To support the ‘twin goals’ *and* Ethiopia’s GTP II by:

- Helping to build a more vibrant private sector
- Tap vast potential in skills, trade, value chains, infrastructure, and finance.

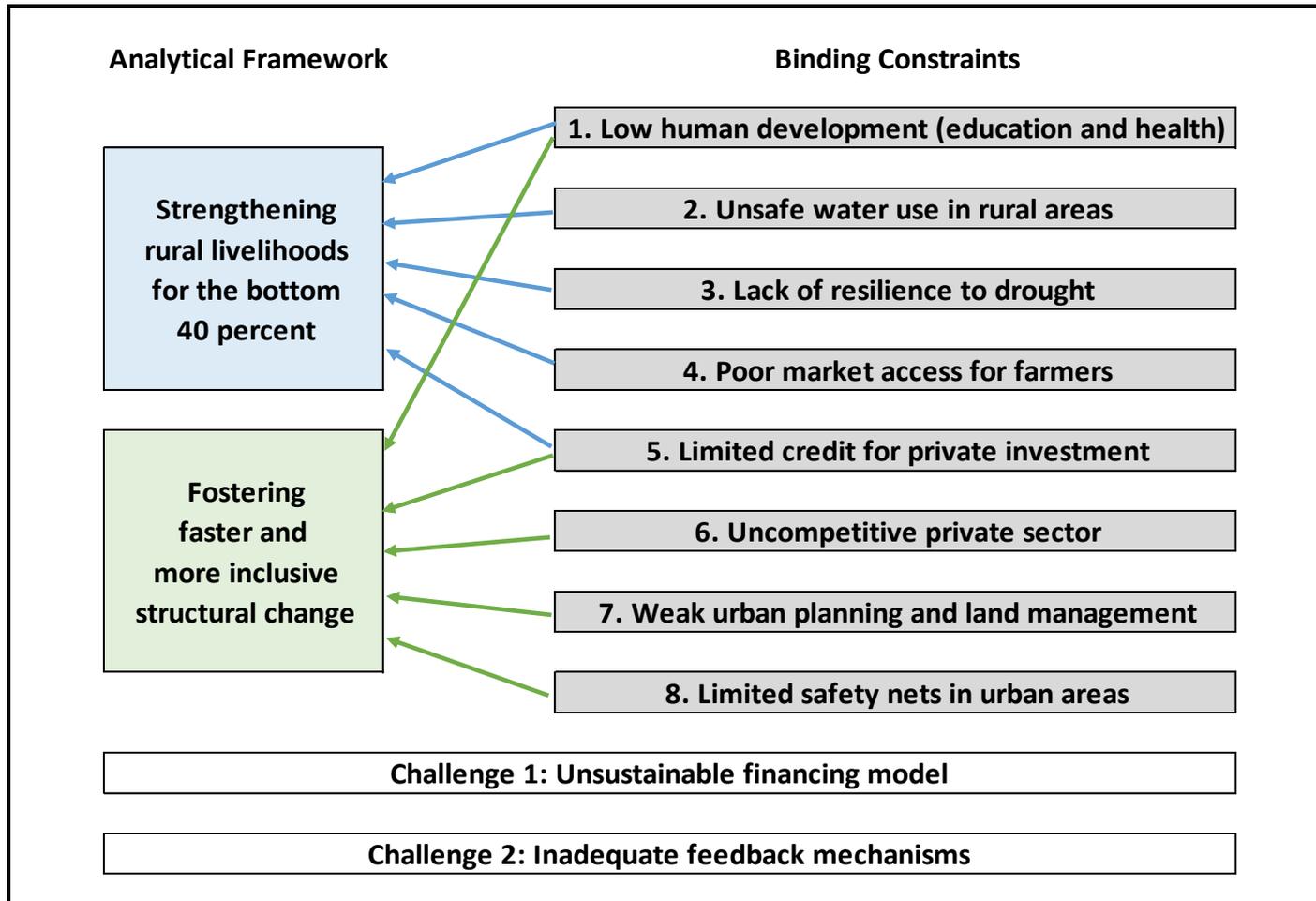
Growth and Transformation Plan II

- **Overarching objective is for Ethiopia to become a middle-income country by 2025, by:**
 - Maintaining average real GDP growth rate of 11%
 - Stable macroeconomic framework
 - Rapid industrialization and structural transformation
- **GTP II Pillars:**
 - Sustaining rapid and equitable economic growth
 - Building productive capacity of agriculture and manufacturing sectors
 - Enhancing transformation of domestic private sector
 - Build capacity of domestic construction industry and infrastructure services
 - Manage rapid urbanization
 - Accelerate human development and technological capacity building
 - Continue to build democratic and developmental good governance and enhancing implementation capacity of public institutions
 - Promote gender and youth empowerment and equity
 - Build a climate-resilient green economy

Highlights from SCD

- Rapid, inclusive and equitable economic growth averaging at 10.9% since 2004 (Gini coefficient remained at 30%)
- Pace of poverty reduction impressive: extreme poverty fell from 55.3% (2000) to 33.5% (2011) using international poverty line of US\$1.90/day
- Attained the MDGs except MDG 3 (gender) & 5 (maternal health)
- High levels of public investment in health and education (~1/3 of government expenditure)
- Key drivers of growth are: agriculture, services, high levels of public infrastructure investment
- Challenges: Boost manufacturing capacity, grow the private sector, accelerate structural changes, financing model unsustainable, low exports and high public capital imports, control inflation, and achieve “smart” urbanization

Binding constraints to end poverty and boost shared prosperity in Ethiopia



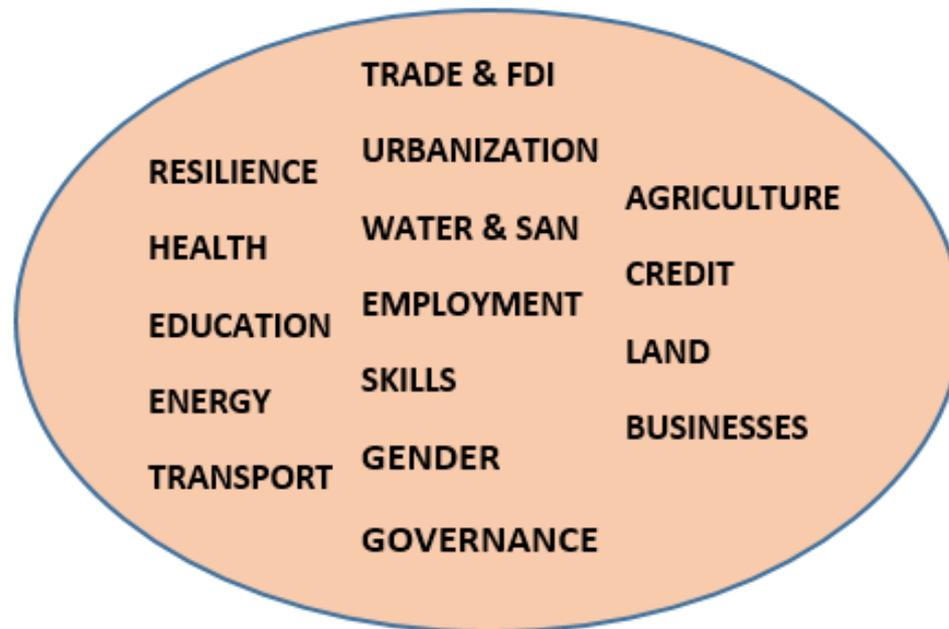
Current World Bank Group Program

- Guided by the Country Partnership Strategy (CPS) FY13-FY16. Two pillars and two cross-cutting priorities:
- **Pillar one:** Fostering competitiveness and employment by supporting a stable macroeconomic environment; increasing competitiveness and productivity; increasing and improving delivery of infrastructure; enhancing regional integration.
- **Pillar two:** Enhancing resilience and reducing vulnerabilities by improving delivery of social services and developing a comprehensive approach to social protection and risk management.
- Foundation: Good governance and state building
- Cross-cutting themes: Gender and Climate Change

NOTE: This is all consistent with the GTP key focal areas, as the CPS was developed in partnership with GoE.

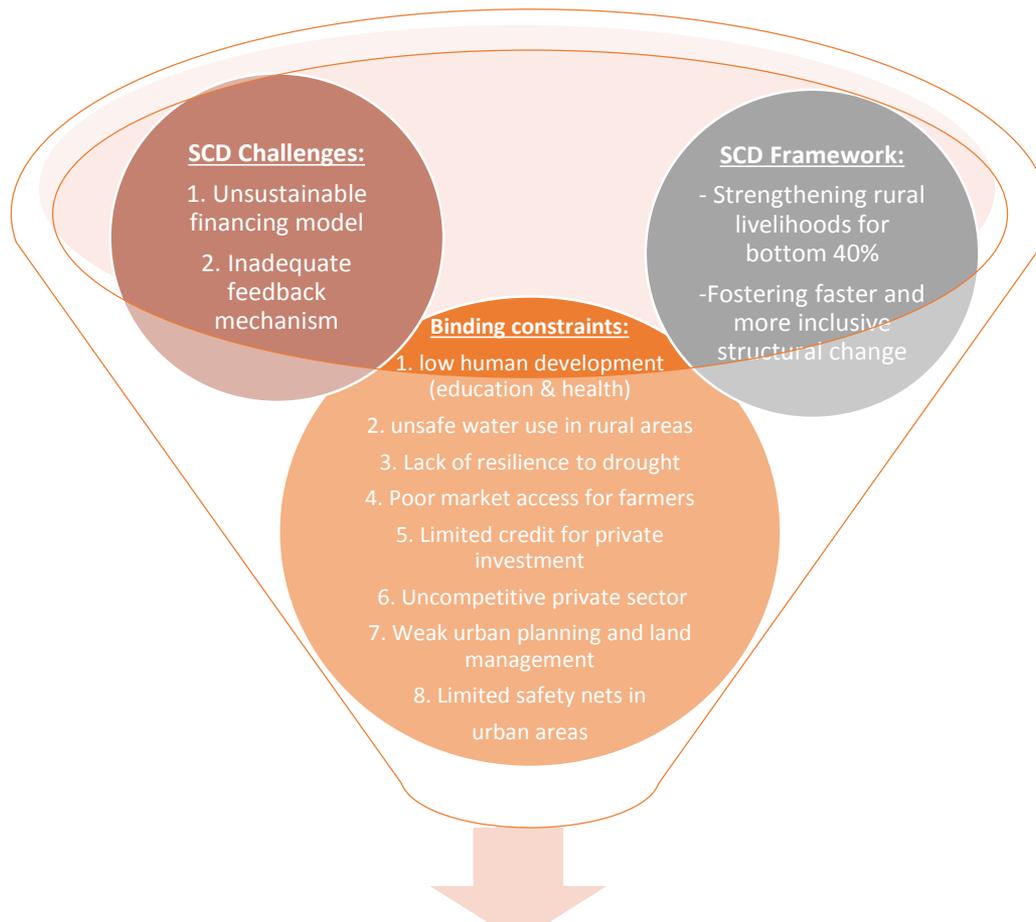
Portfolio Composition

- Ethiopia has active IDA commitments of US\$7.1 billion (August 2016), with record lending in FY16 of US\$1.78 billion.
- IDA 17 envelope for Ethiopia is US\$3.8 billion; IDA18 not yet determined.
- IFC's cumulative investments are US\$495.8 million; in FY16, IFC committed a total of US\$100 million of its own account.
- MIGA portfolio is US\$18 million
- WBG activities (lending and non-lending) focus on the following themes:



Selectivity based on the SCD findings

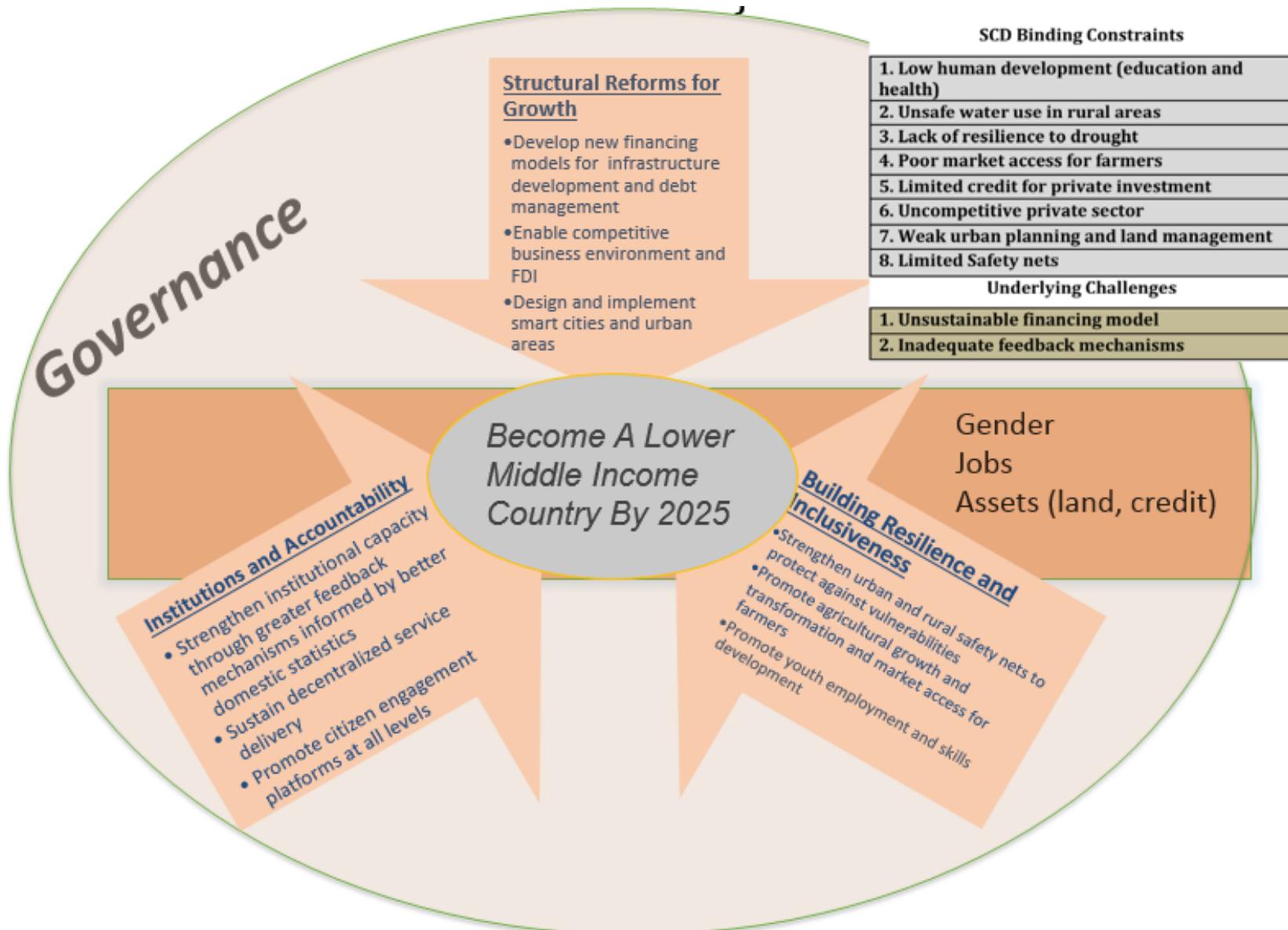
SCD Findings



CPF Selectivity Criteria

- **Comparative advantage:** What is the WBG's advantage or unique role for engaging in this field? compared to other actors?
- **Government program:** What is government's current development strategy and focus areas? How does it help to achieve the twin goals?
- **Impact on addressing the binding constraints:** How large is the expected impact on the binding constraints to reducing poverty and boosting shared prosperity?

CPF Focus Areas and Objectives



World Bank Group support -- aligned with Government of Ethiopia strategy

CPF Focus Areas

Structural Reforms for Growth

Building Resilience and Inclusiveness

Institutions and Accountability

Pillars of Government's Growth and Transformation Plan II

Sustain rapid and equitable economic growth and development

Increase productivity and competitiveness of agricultural and manufacturing sectors

Bridge infrastructure gaps through the domestic construction industry

Enhance transformation of domestic private sector

Manage urbanization as part of the structural transformation of the economy

Enhance human development and sustainable technological capacity building

Build climate resilient green economy

Promote women and youth empowerment

Enhance democratic good governance and public participation

Timeline

- Pre-consultation phase:
 - Kickoff meeting: 13th April, 2016, in Washington, DC
- Consultation phase 1:
 - May 2016: in-country consultations
- Consultation phase 2:
 - August 2016: In-country consultations
- Consultation phase 3:
 - End-October 2016
- Final draft CPF: target date early-November 2016
- Board presentation: January 2017

NOTE: Dates are still tentative; consultations to be held with government, development partners, CSOs, private sector, academia/think tanks, both at the central and woreda levels.



WORLD BANK GROUP

How can the World Bank help Ethiopia become a Middle Income Country without leaving anyone behind?

How can the World Bank Group improve development results in Ethiopia?

In which areas should the World Bank Group focus its analytical and advisory services to help Ethiopia achieve its development objectives?

To provide additional input and access all relevant documents, please go to:

<http://consultations.worldbank.org/consultation/ethiopia-country-partnership-framework>

Thank you!

Thank you.