

Japanese Aid Policy to Ethiopia

1. Significance of Aid to Ethiopia

Ethiopia, positioned in the centre of the Horn of Africa, is a large country with a population of approximately 85 million. Bordering Somalia, Sudan and South Sudan, Eritrea, Djibouti and Kenya, the country is strategically located, and holds a vital role in the security and further development of the Nile River basin, as well as East Africa. The AU and the UNECA Headquarters are seated in the capital, Addis Ababa, making the city the centre of African diplomacy. For this reason, Ethiopia is a strategically important country for Japan in cooperating with African countries and exchanging views on international negotiations such as those held at the United Nations. With the increasing advancement of emerging donors in recent years, the dissemination of Japanese standards, including KAIZEN in private sector development, contributes to the improvement of the country's business environment.

Ethiopia's per capita GNI stands at \$330 (in 2009). Although a high average economic growth rate of 11.2% over 6 years after 2004 has been recorded, the country's economic infrastructure remains weak given the combination of rain-fed agriculture based on small-holder farmers, an immature manufacturing industry (accounting for only 5% of the GDP) and increasing overseas borrowing. Moreover, the country is faced with such issues as chronic food shortages, safe water supply shortage, widening gap between urban and rural areas due to delays in social infrastructure development, and delays in the development of social services such as education and health in rural areas. Assisting in the resolution of these issues leads to engagement with global issues such as human security, sustainable growth and global scale challenges, which coincides with Japan's ODA Charter as well as the aid policy based on the TICAD process.

2. Principles of Aid (Overall Goal): Aid for Food Security and Industrialization

The Ethiopian Government has formulated a 5-year development plan, the "Growth and Transformation Plan (GTP)," spanning the years 2010/11 to 2014/15. Under the GTP, agriculture continues to be positioned as the core element on which economic development is envisioned, while a shift in the economic structure to include industry as an additional area of priority by 2014/15 is foreseen. The GTP envisions Ethiopia becoming a middle-income country by 2020-2023. In order to support the Government's national development plan, Japan will provide comprehensive cooperation for food security, and at the same time, assistance for industrialization focusing on private sector development.

3. Priority Areas (Project Goal)

(1) Agricultural and Rural Development

In spite of the self-help efforts and donor/organization support provided in eradicating poverty over the years, food security is yet to be established in local regions such as rural or nomadic areas due to Ethiopia's large land area, rugged terrain, and rapid increase in its population. In order to establish food security in those areas, it is essential not only to increase agricultural production but to provide countermeasures for natural disasters and ensure safe water supply in rural and nomadic areas. From this point of view, while positioning agricultural and rural development as a priority area, it is important to promote a more comprehensive cooperation including water resource development. More specifically, the cooperation includes a project for agricultural productivity improvement of small-holder farmers, engaging in market economy development in rural areas, and giving advice on food security. Furthermore, assistance for water supply projects in rural areas, for development of human resources in the watering field and for exploration of underground water will be provided in combination to support the improvement of access to, and maintenance and management of safe water.

(2) Private Sector Development

To achieve the industrialization as envisioned in the GTP, it is imperative to establish and to enhance the framework and system of the formulation of related policies on the one hand, and to deal with such issues as enhancement of competitiveness of private manufacturing industries, job creation and foreign direct investment on the other hand. From this point of view, Japan will cooperate in developing the private sector, and emphasis will be placed on coordinating industrial policy dialogue and achieving the dissemination of KAIZEN.

(3) Development of Infrastructure

To realize both the agricultural development and industrialization pillars outlined in the GTP, Japan will provide support to socio-economic infrastructure development which serves as a foundation thereof. Especially in the field of roads, while the development of trunk roads between major cities is expanding, inadequate maintenance of roads and bridges affect road traffic and, with repeated disasters such as landslides, constitute an obstacle for the country's economic development. Japan will provide support using high technical skills, such as landslide prevention, and development and maintenance of roads and bridges, for the country's capacity building

(4) Education

In terms of the development of human resources to support food security and industrialization, Japan will address such issues as increasing the number of teachers and classrooms, and improving the quality of education and access to secondary education. Above all, priority will be given to improvement in the quality of math and science education.

4. Points for Consideration

- (1) The above-mentioned support in paragraph 3 will be provided, while directing adequate attention to environmental and climate change matters on which Japan places emphasis.
- (2) In order to disseminate the models for resolving development issues established through Japanese technical aid, Japan will coordinate with other donors at Japan's initiative.
- (3) Taking into account the county's vast land, ethnic groups varying by region and state, and the federal system giving great authority to state governments, it is efficient to set up projects on a state-by-state basis.
- (4) Japan will aim to promote a mutually complementary relationship with other donors and organizations, and be actively involved in the monitoring of the Government's developmental plans in order to make Japan's aid more efficient and effective.