

Federal Democratic Republic of Ethiopia JICA Country Analysis Paper

Japan International Cooperation Agency
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This JICA Country Analysis Paper is a document in which JICA analyzes each country from the perspective of development and is intended to be utilized when, as a development cooperation agency, JICA considers and implements effective cooperation projects for the country concerned. This document also provides information from the perspective of development when the Government of Japan formulates policies such as the Country Assistance Policies for Respective Countries. The actual content of cooperation and projects to be implemented in the country concerned will be examined and decided according to the policy of the Japanese government, the budget scale of each fiscal year, and the circumstances surrounding the projects.

Summary

The Federal Democratic Republic of Ethiopia has the second largest population in Africa, is a center of diplomacy where the headquarters of the African Union (AU) and other organizations are located, and has the airport with the largest number of departures and arrivals in East Africa, making it a hub of transportation and human flows. As a major power in the Horn of Africa region, which is vulnerable to climate change and has many politically unstable countries, Ethiopia has been a social and economic driver in the region. During the 15 years from 2003 to 2018, the country achieved remarkable economic growth of approximately 10%, and the Ten-Year Development Plan (2021-2030), which succeeded the Second Five-Year Growth and Transformation Plan (GTPII), calls for economic growth led by the private sector, and various reforms are being implemented under the plan. Despite the impact of the COVID-19 pandemic and domestic conflicts, the growth rate in recent years has been around 7%, and the country continues to have significant growth potential.

Ethiopia is an important partner country of Japan, and cooperation is of great significance from various perspectives, including peace and stability, society, and economy. JICA has carried out a wide range of cooperation since it began dispatching Japan Overseas Cooperation Volunteers in 1972. Under the current Country Assistance Policy for Respective Countries (formulated in April 2017), the priority areas are (1) agriculture and rural development, (2) industrial promotion, (3) infrastructure development, and (4) education and health, and initiatives that have been carried out include (1) increasing agricultural productivity and providing better market access, (2) improving industrial quality and productivity through *kaizen*, (3) developing high-quality infrastructure, and (4) developing human resources and promoting science and technology.

Since the formulation of the current Country Assistance Policy in 2017, however, the situation surrounding Ethiopia has changed significantly as exemplified by the transition to the Abiy Ahmed Ali administration in 2018. In particular, the Tigray conflict that occurred between 2020 and 2022 posed a variety of risks that threatened human security, giving rise to new needs for cooperation such as multi-sectoral reconstruction assistance. In addition, due to an increase in ethnic awareness, four regional states gained independence from the Southern Nations, Nationalities, and Peoples' Region between 2020 and 2023, and in recent years public order has become unstable in the Amhara and Oromia regions. Under the strong leadership of the Ethiopian government, significant progress has been made in macroeconomic reforms, including the introduction of floating exchange rates and the opening of the financial sector to foreign investments. Attention should also be paid to relationships with neighboring countries (such as Eritrea, Sudan, Egypt, and Somalia).

As described above, the promotion of inclusive, resilient, and sustainable development for the realization of human security in Ethiopia is considered to be important for regional stabilization, to support the movement toward democratization, and to promote private investments and growth. Therefore, in the future, it is desirable to place greater emphasis on strengthening the resilience of the vulnerable population with peace and stability in mind while emphasizing and continuing economic development cooperation in the country. In order to achieve greater impact by organically combining multiple cooperation projects flexibly in multiple sectors, it is also desirable to reorganize the focus areas by issue rather than by sector, as shown in the table

below. Furthermore, JICA will promote co-creation with other actors to implement efficient and high-impact projects.

[Proposed revision of the three-layer structure]

Basic Policy: Promoting inclusive, resilient, and sustainable development for the realization of human security	
Priority areas	Development issues/Cooperation programs
Investing in people to achieve human security in the process of recovery and reconstruction from conflicts and natural disasters	Peace, stability, and reconstruction assistance
	Human resource development
	Improvement of social services and quality of life
Building a robust economic structure	Improving agricultural productivity and competitiveness and ensuring food security
	Industrial promotion and diversification
	Infrastructure development and improvement of the investment environment
Building a sustainable socioeconomic system	Strengthening climate change resilience and environmental management

List of abbreviations

Abbreviation	English	Japanese
AfCFTA	African Continental Free Trade Area	アフリカ大陸自由貿易圏
AI	Artificial Intelligence	人工知能
AU	African Union	アフリカ連合
BRICS	Brazil, Russia, India, China, South Africa	ブラジル、ロシア、インド、 中国、南アフリカ
CARD	Coalition for African Rice Development	アフリカ稲作振興
CDC	Centres for Disease Control and Prevention	疾病予防管理センター
COP	Conference of the Parties	締約国会議
CRGE	Climate Resilient Green Economy	気候変動レジリエンス・グリー ンエコノミー戦略
DX	Digital Transformation	デジタル・トランスフォーメ ーション
ECA	Economic Commission for Africa	アフリカ経済委員会
EWTI	Ethiopian Water Technology Institute	エチオピア水技術機構
FAO	Food and Agriculture Organization of the United Nations	国際連合食糧農業機関
GDP	Gross Domestic Product	国内総生産
GTPII	Growth and Transformation Plan II	成長と変革計画 II
HDP	Humanitarian, Development and Peace	人道・開発・平和
HGER	Homegrown Economic Reform	自国経済改革
ICT	Information and Communication Technology	情報通信技術
IDP	Internally Displaced People	国内避難民
IFNA	Initiative for Food and Nutrition Security in Africa	食と栄養のアフリカ・イニシ アチブ
IOM	International Organization for Migration	国際移住機関
IMF	International Monetary Fund	国際通貨基金
ITU	International Telecommunication Union	国際電気通信連合
JGA	JICA Global Agenda	JICA グローバル・アジェン ダ（課題別事業戦略）
NAP	National Action Plan	国家行動計画 （国家気候変動適応計画）
NDC	Nationally Determined Contribution	自国が決定する貢献
NINJA	Next Innovation with Japan	JICA の開発途上国における ビジネス・イノベーション創 出に向けた起業家支援活動
OCHA	United Nations Office for the Coordination of	国際連合人道問題調整事務所

	Humanitarian Affairs	
OLA	Oromo Liberation Army	オロモ解放軍
PIDA	Programme for Infrastructure Development in Africa	アフリカ・インフラ開発プログラム
REDD+	Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries	途上国における森林減少・森林劣化に由来する排出の抑制、並びに森林保全、持続可能な森林経営、森林炭素蓄積の増強
3RF	Ethiopia Resilient Recovery and Reconstruction Planning Framework	復興計画枠組み
RSDP	Road Sector Development Program	道路セクター開発プログラム
SDGs	Sustainable Development Goals	持続可能な開発目標
SHEP	Smallholder Horticulture Empowerment and Promotion	小規模農家向け市場志向型農業振興
TICAD	Tokyo International Conference on African Development	アフリカ開発会議
UHC	Universal Health Coverage	ユニバーサル・ヘルス・カバレッジ
UNDP	United Nations Development Programme	国際連合開発計画
UNESCO	United Nations Educational, Scientific and Cultural Organization	国際連合教育科学文化機関
UNICEF	United Nations Children's Fund	国際連合児童基金
WHO	World Health Organization	世界保健機関
WPS	Women, Peace and Security	女性・平和・安全保障

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1.1 Development policy and planning in Ethiopia

1.1.1 Ten-Year Development Plan (2021-2030)

- Based on the achievements of the development plan of the previous government (Growth and Transformation Plan II (GTPII), 2015/16-2019/20), the Ten-Year Development Plan was newly prepared under the Abiy administration and announced in 2021. In order to establish a "pragmatic market-based economic system" that is not overly dependent on public spending and debt financing, the government has set an annual average growth target of approximately 10% for the period from 2021 to 2030 and emphasizes the shift from government-led growth to growth led by the private sector, including the manufacturing industry. In addition, it announced "realization of high-quality social welfare through improvement of quality of life" as a high-level development goal and set ten items as strategic development pillars.

Figure: 1. Strategic Pillars and Major Targets of the Ten-Year Development Plan

Strategic pillars of the Ten-Year Development Plan		Target
1. Quality Economic Growth and Shared Prosperity	GDP growth rate	10% on average
2. Economic Productivity and Competitiveness	Poverty rate	19% \Rightarrow 7%
3. Technological Capability and Digital Economy	Unemployment rate	19% \Rightarrow 9%
4. Sustainable Development Financing	Growth rate of each sector	Agriculture 5.5%
5. Private Sector-led Economic Growth		Industry 11.4%
6. Resilient Green Economy		Services 10.4%
7. Institutional Transformation	Ratio of GDP by sector	Agriculture 32.6% \Rightarrow 22%
8. Gender and Social Inclusion		Industry 9% \Rightarrow 35.9%
9. Access to Justice and Efficient Civil Services		Services 39.5% \Rightarrow 42.1%
10. Regional Peace Building and Economic Integration		

1.1.2 Homegrown Economic Reform (HGER)

- In response to the need to correct macroeconomic imbalances and transform from demand- to supply-driven sources of growth, from debt finance to savings and equity finance, and from growth led by the public sector to growth led by the private sector, the Homegrown Economic Reform (HGER) agenda was adopted as a three-year economic reform plan from 2019.
- Based on the achievements and challenges of HGER, the successor policy HGER2.0 (FY 2023/24-2025/26) was formulated. The four pillars of reform are as follows:
 - 1) Macroeconomic reforms: (i) Fiscal policy and public finance reform; (ii) Monetary policy and financial sector reform; and (iii) Economic statistics and the system of national accounts
 - 2) Investment and trade reforms: (i) Domestic market development and reform; (ii) Export promotion and facilitation reform; (iii) Customs and logistics reform; (iv) Foreign direct investment promotion and facilitation reform; (v) Reform of SMEs and microenterprises; and (vi) Capacity building and labor market reform

- 3) Production sector reforms: (i) Agriculture; (ii) Manufacturing; (iii) Mineral industry; (iv) Construction; (v) Tourism; and (vi) Digital industry
- 4) Public sector reforms: (i) Administrative and structural reforms; (ii) Administrative service reform; (iii) Practical leadership and capacity-building reform; and (iv) Administrative service digitalization reform

1.1.3 Ethiopia Resilient Recovery and Reconstruction Planning Framework: 3RF (2023-2028)

- The Planning Framework was announced in March 2023 following the Tigray conflict that occurred between November 2020 and December 2021. Total damage and economic loss are estimated to be over US\$22.6 billion and US\$6 billion, respectively. The strategic objectives are to strengthen social cohesion and community security, restore infrastructure and social services, and promote economic development. The budget required for each sector is presented with the largest reconstruction needs in agriculture, housing, education, health and healthcare, and transportation, in the stated order. In addition to the northern conflict-affected regions of Tigray, Amhara, and Afar, the target areas are the Benishangul-Gumuz and Oromia Regions and the Konso Zone in South Ethiopia Regional State.

1.1.4 Climate-Resilient Green Economy (CRGE) Strategy

- The CRGE strategy was established in 2011. In addition to achieving climate resilience and carbon neutrality by 2030, the strategy aims to reduce carbon dioxide emissions by 64% compared to the situation without climate action (50% of which is assumed to come from forests). This is consistent with GTPII, the Ten-Year Development Plan, the Nationally Determined Contribution (NDC), and the Long-Term Low Emission and Climate Resilient Strategy formulated in June 2023.
- The country's NDC focuses on the agricultural sector as an area that will contribute significantly to the reduction of greenhouse gas emissions, and mentions the diversification of economic opportunities through improved agricultural productivity and agroforestry as well as sustainable afforestation activities. The CRGE strategy is also being implemented through a strategic combination of various policies and funds, including the National Adaptation Plan (NAP) established in 2019 and the REDD+ program (reducing emissions from deforestation and forest degradation in developing countries and enhancing forest conservation, sustainable forest management, and forest carbon stocks) to promote the mainstreaming of climate change adaptation.

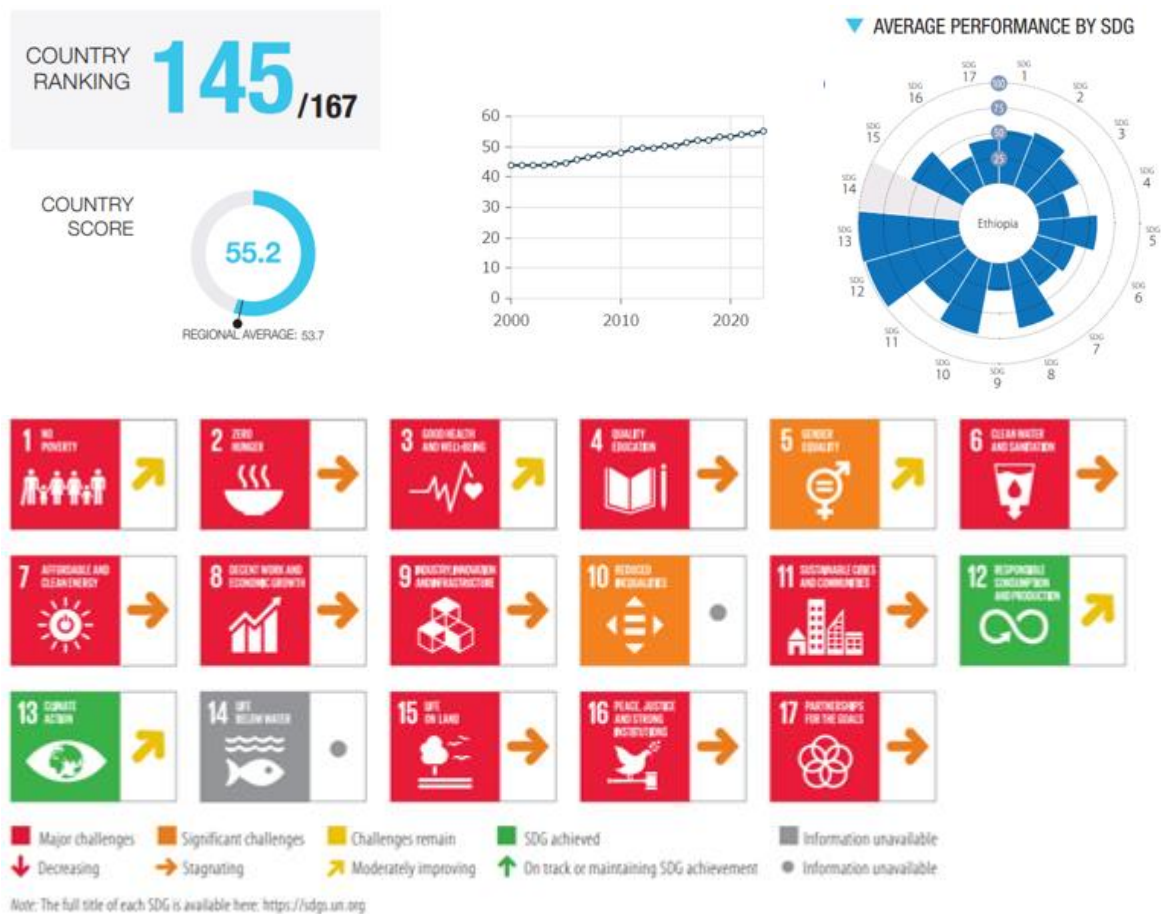
1.2 Key development issues in Ethiopia

1.2.1 Achievement of SDGs

- Ethiopia's score is slightly above the regional average, and the degree of achievement is increasing year by year.
- There is a bias across sectors, and in particular, improvements and greater efforts are needed in education (Goal 4), water (Goal 6), energy (Goal 7), industrial development (Goal 9), and peace and inclusive society (Goal 16).

Figure: 2. Ethiopia's Progress in Achieving SDGs

(Source: Sustainable Development Report 2024¹ (Sachs et al. 2024))



1.2.2 Peace and stability

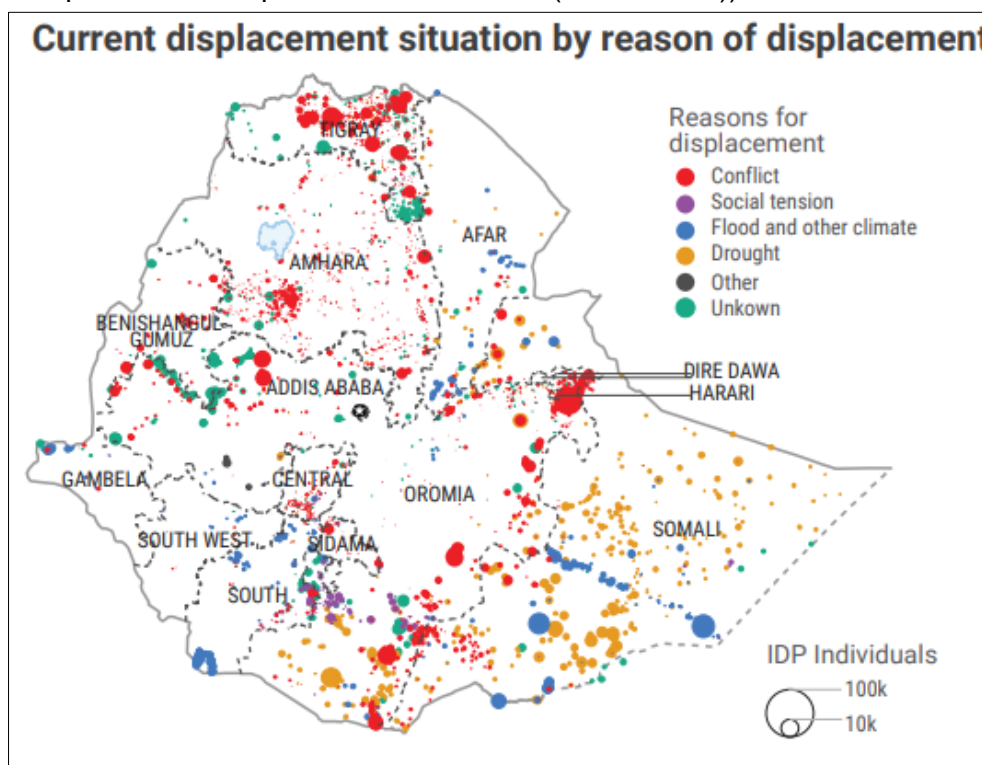
- According to AU, the Tigray conflict is said to have caused over 600,000 deaths, and the conflict brought great damage to the society and economy. In the northern area, particularly in the Tigray, Amhara, and Afar regions, the agricultural sector suffered significant damage due to the destruction of farmland and looting of agricultural machinery. The wide range of damage also included an increase in the number of out-of-school children due to the destruction of school facilities, looting of equipment, and occupation of school buildings by armed groups. Victims of wartime sexual violence are also serious, and many civilians, especially women and children, have suffered psychosocial trauma.
- The government is steadily leading and making progress in the peace agreement of the conflict, the national dialogue, the reconstruction plan, and the disarmament of former combatants. However, there are many former combatants who have physical disabilities due to the conflict, making it difficult for them to return to their former jobs and integrate into society.
- In the region of Amhara, the feud between the federal government, which was disbanding the armed forces of each region and integrating them into the federal army, and the Amhara militia Fano escalated into a military conflict in August 2023. In addition, attacks, kidnappings, and incidents by the Oromo Liberation Army (OLA) have occurred in the Oromia region.
- According to UN OCHA, there were approximately 4.5 million internally displaced persons (IDP) throughout the country as of June 2024, the majority of whom were identified as conflict-

¹ [sustainable-development-report-2024.pdf](#)

driven. According to the IOM Ethiopia, the country had received about one million refugees in 2024.

Figure: 3. Status of IDPs (June 2024)

(Source: Ethiopia Internal Displacement Overview² (OCHA 2024))



1.2.3 Inclusive economic growth

(1) Poverty

- Over the past 20 years, the national poverty rate has fallen. The poverty rate is 25.4% (World Bank 2021/2022)³, which is lower than the Sub-Saharan African average of 36.7% (World Bank 2019)⁴.
- According to the World Bank's Ethiopia Poverty Assessment (Bundervoet et al. 2020)⁵, the poverty rate in 2016 was 23.5% for the entire country. There is a gap between urban areas (14.8%) and rural areas (25.6%). The poor also have limited access to health facilities, roads, cities, improved water resources, and electricity.

² [Ethiopia: Internal Displacement Overview \(as of June 2024\) | OCHA](#)

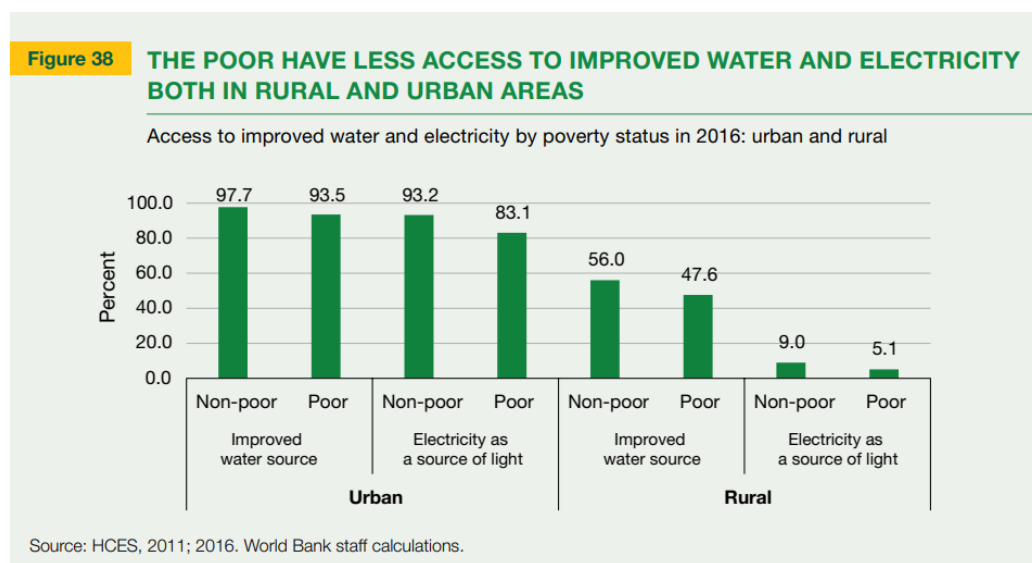
³ [Macro Poverty Outlook for Sub-Saharan Africa](#)

⁴ [Homepage](#)

⁵ [World Bank Document](#)

Figure: 4. Proportion of Urban and Rural Poor and Non-poor People Accessing Improved Water Resources and Electricity

(Source: Ethiopia Poverty Assessment (Bundervoet et al. 2020))



(2) Social services: Education

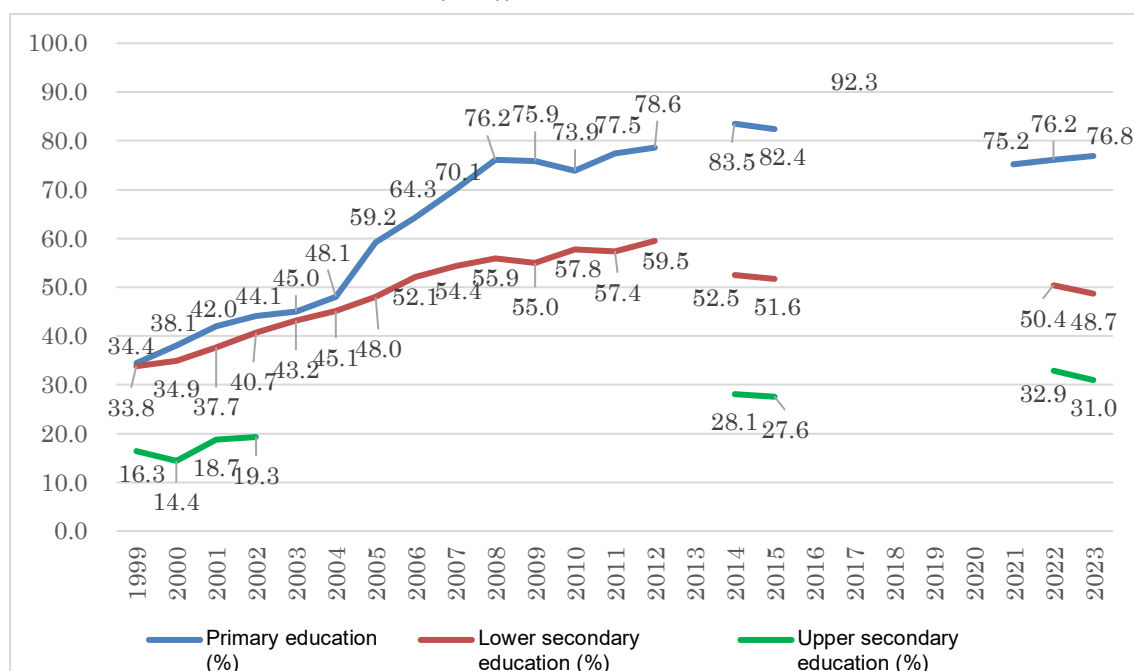
- In its Education Sector Development Programme VI (2020-2025), the government set forth the promotion and expansion of high-quality education and training and the strengthening of science and technology and is promoting the strengthening of science and mathematics education and the improvement of school management.
- According to UNESCO⁶, the net school attendance rate in 2023 was 76.8% for elementary school, 48.7% for junior high school (lower secondary education), and 32.0% for senior high school (upper secondary education). According to the World Bank and UNESCO, the elementary school completion rate in 2021 was 69% for boys and 65% for girls. The low educational achievement rate for girls in particular is partially attributed to the relatively high incidence of child marriages and premature births⁷. It is said that the reason why the school attendance rate decreases as the grade goes up is an absolute shortage of schools (especially high schools), dropout due to economic backgrounds, gender gap, and other factors. Due in part to the conflict, more than one million children are said to be out of school nationwide.
- According to the national assessment of learning in 2019, 30% of children in the fourth grade of elementary school were able to give appropriate answers in English and about 40% in mathematics. In the second year of junior high school, 35% of students were able to do so in English and 32% in mathematics, making improvement of the quality of education an urgent issue to be addressed.
- The Ethiopian government is promoting the transformation of universities (higher education) into independent corporations, with the aim of developing them as centers of excellence.

⁶ [UNESCO UIS](#)

⁷ [Ethiopia: Education Country Brief | International Institute for Capacity Building in Africa](#)

Figure: 5. Changes in the Net School Attendance Rate in Ethiopia

(Source: UNESCO Institute for Statistics (UIS))



(3) Social services: Health and healthcare

- In its Ten-Year Development Plan, the government set forth the improvement of health and healthcare issues focusing on maternal and child health, infectious diseases, non-communicable diseases, etc., and is making efforts to develop health and healthcare facilities, prevent nosocomial infections, and improve human resource development.
- The leading causes of death in the country are maternal and neonatal deaths, cardiovascular diseases, and lower respiratory tract infections and tuberculosis, in the stated order (GBD compare 2019)⁸.
- In terms of infectious diseases, in addition to the risk of HIV, the risk of contracting malaria showed a downward trend after 2017, but the number of persons infected with malaria has continued to rise since 2021. As of November 2024, the annual number of infected persons was the highest in the past seven years (WHO 2024)⁹. Marburg disease and mpox are spreading in neighboring countries, and as a country with direct flights to more than 80 countries, Ethiopia is constantly under threat of infectious diseases.
- According to the WHO's National Health Workforce Accounts Data Portal¹⁰, the density of human resources for health and healthcare in 2022 was as low as 1.08 doctors per 10,000 people (The Sub-Saharan African average was 2.6 doctors) and 7.47 nurses and midwives per 10,000 people (The Sub-Saharan African average was 11.3 nurses and midwives), far below the SDG target of 45.5 doctors, nurses, and midwives per 10,000 people, and this makes the shortage of health and healthcare workers an issue to be addressed.

⁸ [VizHub - GBD Compare](#)

⁹ [Malaria - Ethiopia](#)

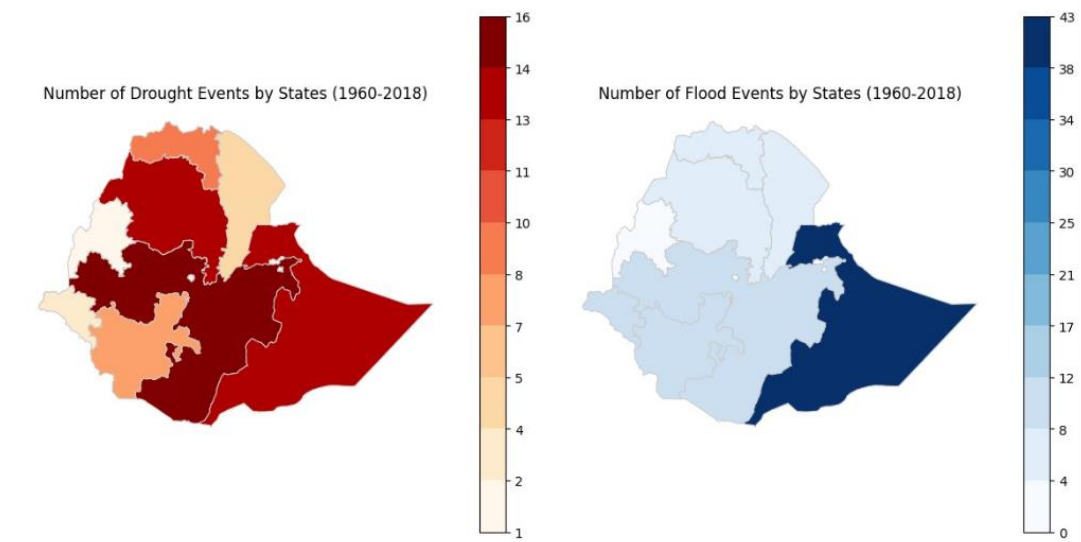
¹⁰ [NHWA Web portal](#)

(4) Social Services: Water and sanitation

- In the Ten-Year Development Plan, the goal is to increase the rate of 25 liters of water being obtained per person per day within one kilometer in provincial areas and 40-100 liters of water per person per day in urban areas to 100%.
- Historically, droughts have occurred repeatedly, especially in the Oromia, Amhara, and Somali regions, and floods have occurred repeatedly, especially in the Somali region (figure below).

Figure: 6. Areas with High Frequency of Droughts (Left) and Floods (Right)

(Source: Prepared by the Governance and Peacebuilding Department based on the Standard Precipitation-Evapotranspiration Index¹¹)



- According to the joint WHO-UNICEF monitoring programs for SDG 6.1 (access to water) and SDG 6.2 (access to sanitation facilities)¹², the population with access to safely managed water improved from 33.9% to 38.6% in urban areas and from 0.06% to 5.8% in rural areas between 2000 and 2022, and nationally, it improved from 5.0% to 13.2%. In particular, there are problems in rural areas.
- In urban areas, water quality has deteriorated significantly due to the effects of domestic wastewater, waste, and industry. In Addis Ababa, about 60% of tap water came from groundwater (2019). In addition, the non-revenue water rate of the Addis Ababa Water and Sewerage Authority is high, at about 40% (2019) (JICA 2020)¹³.
- It is important to strengthen water resource management policies (including the conservation of water resources and ecosystems, strengthening of organizational structures, measures against climate change, and standardization of water technology to promote it). The Ethiopian Water Technology Institute (EWTI) is positioned as a research and training center for water and sanitation.

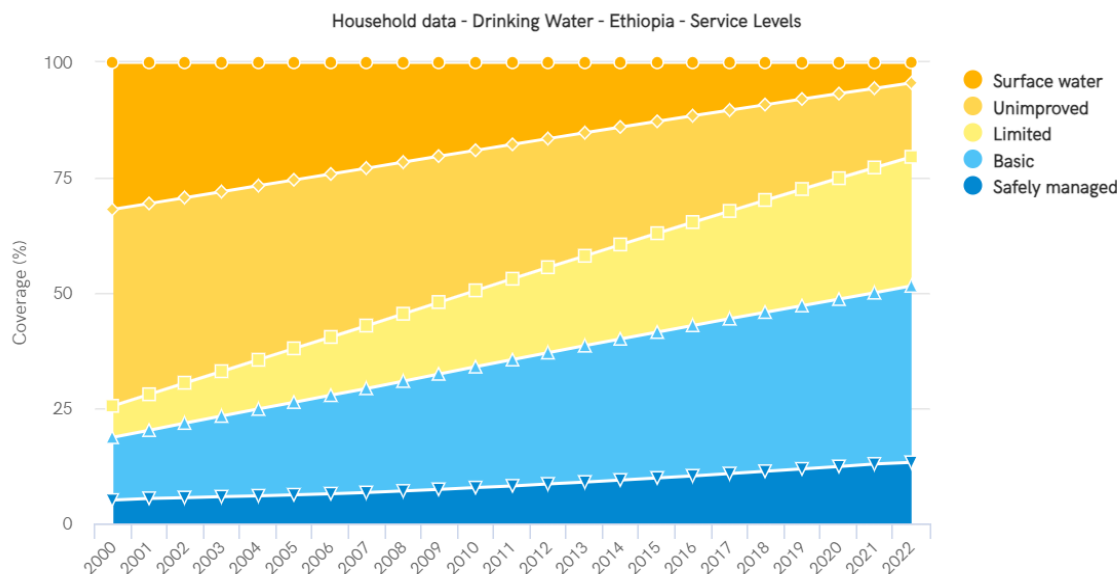
¹¹ [Index: SPEI, The Standardised Precipitation-Evapotranspiration Index](#)

¹² [Home | JMP](#)

¹³ [Investigative Report on Detailed Planning for the Project for Strengthening Addis Ababa Water and Sewerage Authority's Management Capacity of Non-Revenue Water Reduction](#)

Figure 7. Access to Drinking Water

(Source: WHO/UNICEF Joint Monitoring Programme (JMP) on SDG 6.1 (Access to water) and SDG 6.2 (Access to sanitation facilities))



(5) Agriculture

- Agriculture is a key industry, accounting for about 60% of the working population (World Bank 2023)¹⁴ and about 40% of GDP (Government of Ethiopia 2024). Ninety-five percent of total agricultural production is from smallholder farmers with an average cultivated area of less than one hectare, and about 70% of them are below the national poverty line of US\$2.15/day (FAO 2018)¹⁵.
- In the Ten-Year Development Plan, the important development objective in the agricultural sector is to improve the income of farmers and end poverty by increasing the productivity of agriculture and enhancing its competitiveness. Emphasis is placed on food security, export expansion and import substitution, agricultural processing, etc.
- Agriculture is repeatedly affected by droughts, etc., and many Ethiopians are displaced, with ten million people requiring emergency food assistance annually. Undernutrition among women and children is also serious. According to the Global Nutrition Report, 23.9% of women aged 15 to 49 are anemic, and 36.8% of children under five years are stunted (African average: 30.7%)¹⁶. As of 2018, the irrigated area was only 2.8 million hectares out of the ten million hectares that could be developed (Initiation Planning and Organization 2018).
- Agricultural exports account for 87% of total annual exports (National Bank of Ethiopia 2023)¹⁷. Most agricultural exports are unprocessed primary products, and coffee production is the fifth highest in the world.
- Rice consumption has increased rapidly in recent years, and the government has set a high goal of achieving domestic rice self-sufficiency by 2026.

¹⁴ [Employment in agriculture \(% of total employment\) \(modeled ILO estimate\) - Ethiopia | Data](#)

¹⁵ <https://openknowledge.fao.org/server/api/core/bitstreams/1ce8ac0d-7e95-45d0-99f8-2375f47c5d2b/content>

¹⁶ [Global Nutrition Report | Country Nutrition Profiles - Global Nutrition Report](#)

¹⁷ [Annual-Report-2022-2023.pdf](#)

Figure: 8. Changes in Rice Production, Imports, Consumption, and Self-Sufficiency
(Source: National Rice Flagship Program (Ministry of Agriculture, Ethiopia 2022))

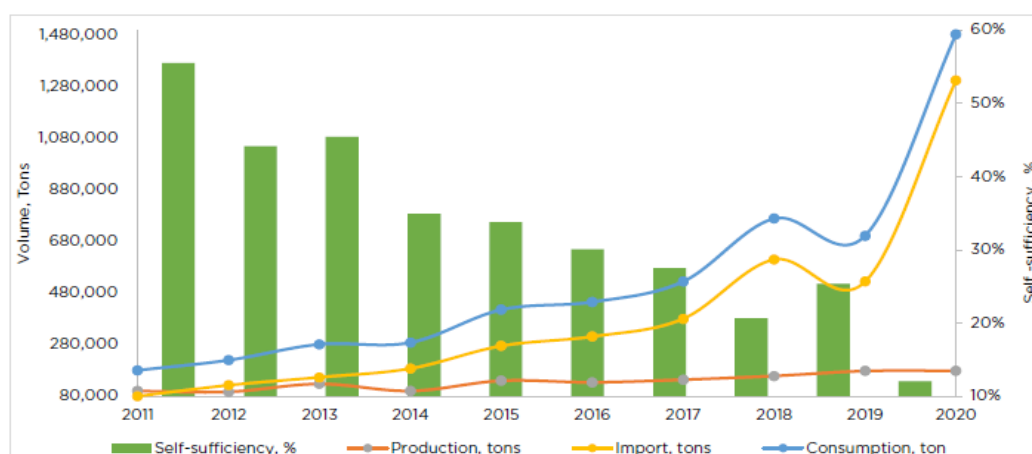


Figure 5: Rice production, import, consumption, and self-sufficiency
Source: Trade Map and Alemu and Thompson, 2020

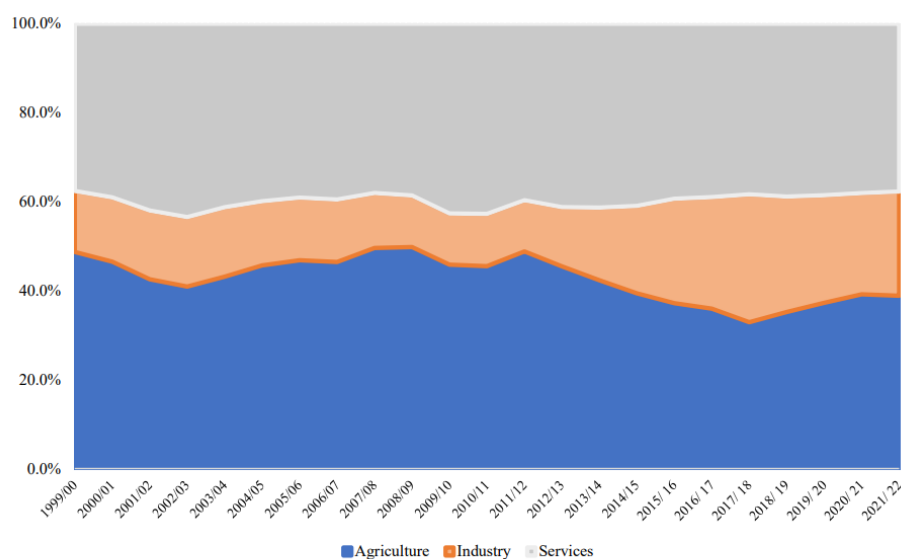
(6) Private-sector development and employment

- Ethiopia has yet to transform to an economic structure led by the secondary industry as specified in the Ten-Year Development Plan. In 2020/21, the shares of agriculture, services, and industry in GDP were 39%, 38%, and 24%, respectively. In the secondary industry, the shares of construction and manufacturing in GDP were 70% and 20%, respectively. Domestic production is poor, and the country depends on imports. In 2022, the Ethiopian government launched the "National Industrial Movement," aiming for sustainable development of the manufacturing industry and enhancement of its competitiveness.

Figure: 9. Sector GDP Ratio

(Source: National Medium-Term Revenue Strategy FY 2024/25 to FY 2027/28 (Government of Ethiopia, 2024))

Figure 2.3. GDP contributions by sectors at current prices (in %)- FY 2014/15 to FY 2021/22



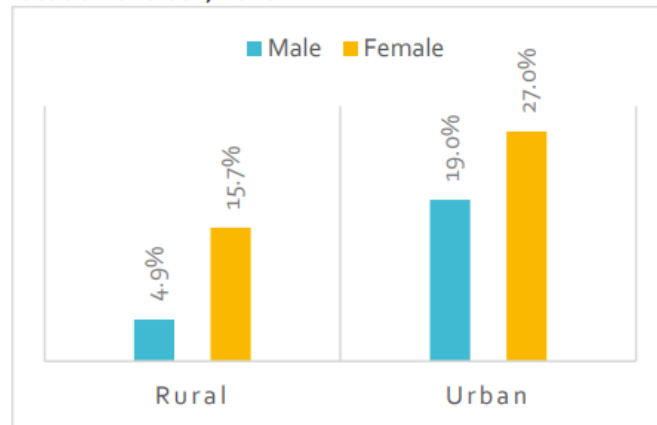
Source: Ministry of Planning and Development.

- The Global Startup Ecosystem Index (StartupBlink 2024)¹⁸, which measures the maturity of startup ecosystems and the quality of startups, ranked Ethiopia 111th among the 137 countries. Ghana ranked 88th, Nigeria 64th, and Kenya 63rd.
- Digital divide: The personal Internet penetration rate in the country was 16.7% (ITU 2021), which was lower than the global average of 67.4% (ITU 2023)¹⁹, suggesting that it might be a factor contributing to lost economic opportunities and the disparity between rural areas (9.1%) and urban areas (42.4%).
- According to the World Bank, unemployment among young people and women is high, especially in urban areas, and job creation and skill enhancement are issues to be addressed.

Figure: 10. Youth Unemployment Rate

(Source: Employment in urban and rural Ethiopia (Wieser et al. 2021)²⁰)

Figure 3.8. Youth (15-24 year olds) unemployment by location and sex, 2019



Source: ESS, 2019

(7) Transportation

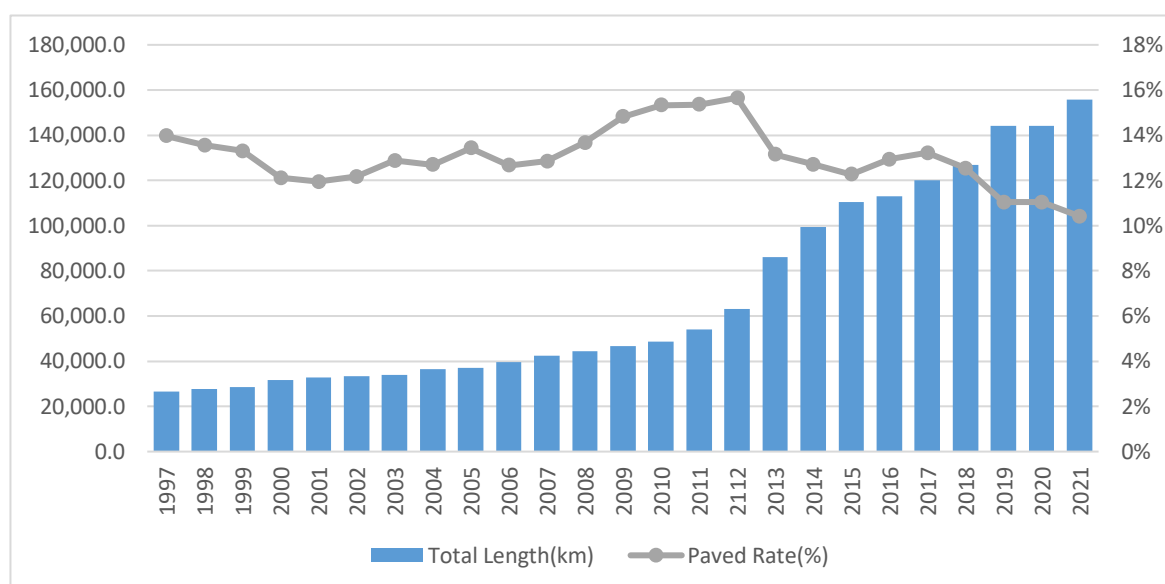
- In response to the rapid increase in intercity logistics, it is essential to improve road quality and address the weak road network.
- The length of roads, which was 26,550 km in 1997, was extended to 155,830 km in 2021. However, the assessment of 25 years of the government's Road Sector Development Program (RSDP) stated in 2021 that 37.4% of roads were poor, and as typified by the assessment, the quality of roads is an issue to be addressed.

¹⁸ [Startup Ecosystem of Ethiopia | Startupblink](#)

¹⁹ [Data explorer - ITU DataHub](#)

²⁰ [World Bank Document](#)

Figure: 11. Changes in Road Extension and the Pavement Ratio over the Years
(Source: Ethiopian Roads Authority)



- The number of bridges managed by the Authority Increased from 2,768 (2006) to 5,278 (2020) (Ethiopian Roads Authority 2022). It is important for the Roads Authority to enhance its capacity to maintain and manage bridges, because bridges requiring advanced technology are constructed.
- In Addis Ababa, there is a risk of urban flooding due to the effects of urbanization and climate change. In 2021, a massive flood occurred in Addis Ababa, causing damage including seven deaths. Road bridges in the city were damaged due to flooding, and as of 2023, more than 40 bridges were left dropped.
- The country has elevations ranging from 110 meters to 4,600 meters, and landslides occur repeatedly. There are many areas where landslides occurred, such as Abay River Gorge, Jimma and Awash, and 302 people died from landslides between 2016 and 2020. Furthermore, in July 2024, a large-scale landslide occurred in Gofa Zone, South Ethiopia Regional State, and more than 250 people were confirmed dead.

(8) Electricity

- The government has made the expansion of renewable energy and the improvement of electricity access a priority issue.
- Electricity consumption has increased at a rate of more than 8% since 2000. It is expected to increase in the future due to population growth and urbanization.
- The amount of electricity supplied has grown at a rate of about 10% since the 2000s. In 2021, more than 95% of electricity supplied was hydropower, and renewable energy (hydropower, geothermal, solar, wind, and biomass) represented more than 99% of the total amount of electricity supplied. However, there is a problem that the electricity supply becomes unstable during the dry season (U.S. Energy Informatic Administration)²¹.
- In 2021, the total capacity of power generation equipment was 4,478 MW, and in 2022, the Great Ethiopian Renaissance Dam began generating electricity (estimated at 6,450 MW).

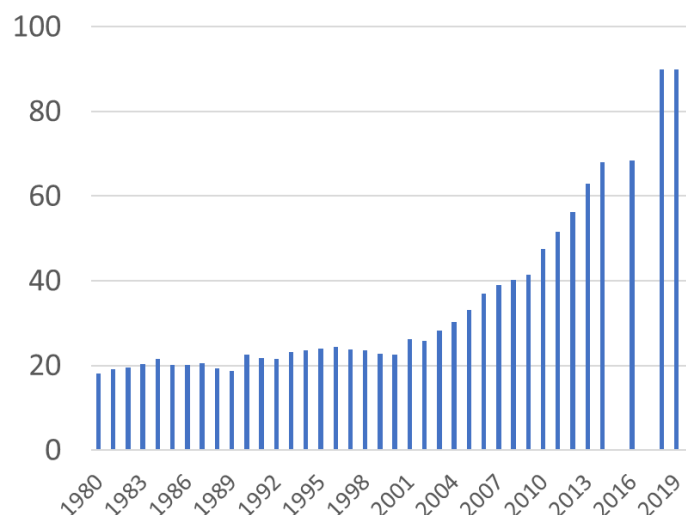
²¹ [International - U.S. Energy Information Administration \(EIA\)](#)

The Ethiopian government has set a target of generating 19,900 MW of electricity by 2030. On the other hand, peak electricity demand is expected to increase by more than 12% annually, reaching 11,177 MW in 2030. In other words, there is a potential shortfall of about 7,500 MW (World Bank 2023)²².

- The government has set a target of increasing the amount of exported electricity from 2,803 GWh (2021) to 7,184 GWh by 2030 and is increasing electricity exports to neighboring countries by using cheap surplus electricity from renewable energy as distribution voltages (from 2011) and internationally interconnected lines (from 2015). As a means of earning foreign currency, electricity is positioned as an important export item, and the enhancement of electricity supply capacity centered on renewable energy is expected to contribute to the economy of the country.
- In particular, the amount of geothermal resources is about 4,200 MW at the mode value and 11,000 MW at 20% probability of occurrence, and therefore, they have high potential for stable power development in the future (JICA 2015)²³.
- In 2021, the electricity access rate was more than 94% in urban areas and about 43% in rural areas. The majority of the population in rural areas (more than 50 million people) do not have access to electricity. In order to achieve economic growth, it is important not only to increase electricity supply but also to improve the rate of access to electricity. For Ethiopia, which is promoting economic growth, the development of power distribution networks is an important issue to be addressed.
- It is important to improve the operation and maintenance technology of power plants and substations of the Ethiopian Electric Power Corporation and the Electric Distribution Corporation, as well as the procurement capacity necessary for the implementation of projects.

Figure: 12. Power Consumption per Person (kWh)

(Source: World Development Indicators²⁴)



²² [World Development Indicators | DataBank](#)

²³ [Ethiopia National Geothermal Power Development Master Plan Project Final Report](#)

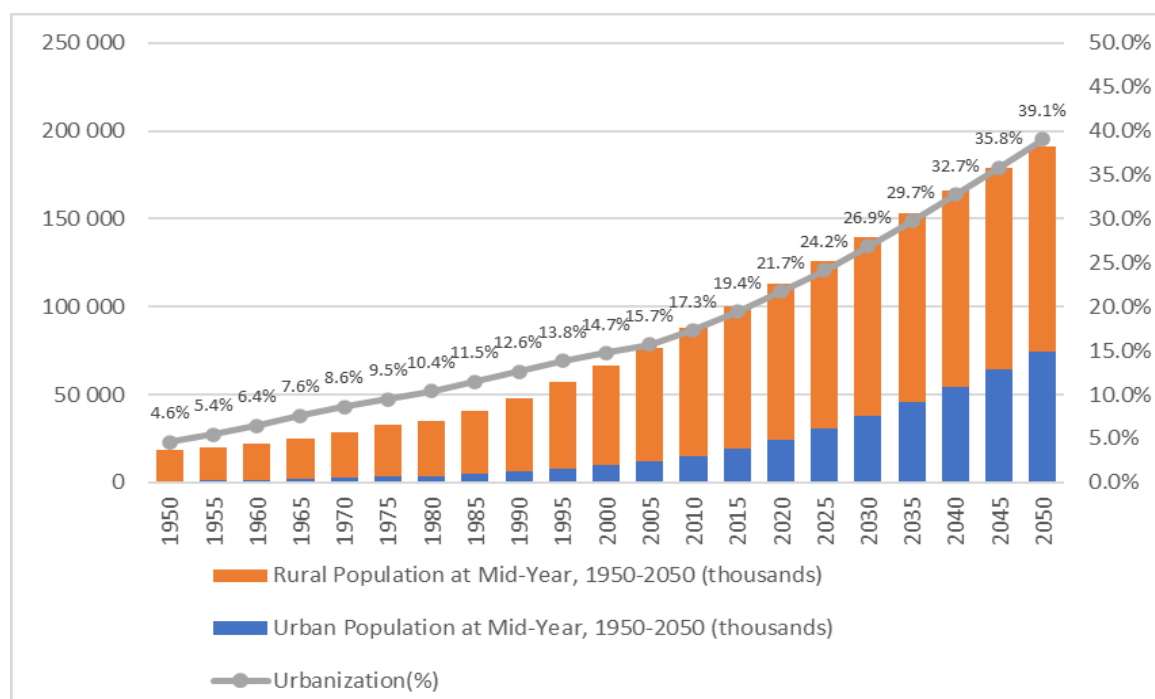
²⁴ [World Development Indicators | DataBank](#)

(9) Urban planning

- Urbanization is progressing rapidly along with population growth, and the population growth is expected to continue. The urbanization rate is relatively low, and the urban population is about 23% in 2023 (according to the World Bank)²⁵. According to the United Nations' projections, it is expected to rise to about 40% in 2050.
- Problems caused by urbanization include illegal occupation of land and residence, employment, traffic congestion, air pollution, lack of green space, and urban flooding.
- It is necessary to make plans to solve urban problems and enhance the capacity of related ministries and agencies to implement measures.
- Currently, about 87% of the country's 2,373 urban centers (the administrative area of a municipality that has administrative power or has a population of 2,000 or more with 50% of its labor force primarily engaged in non-agricultural activities) have urban plans in place (Ethiopian Ministry of Urban Infrastructure (now Ministry of Urban Development and Construction) 2021)²⁶. It is necessary that the remaining urban centers formulate urban plans and that the existing plans be revised. In areas affected by conflicts, it is also necessary to revise the urban plans taking into account reconstruction plans. Newly established regions need to enhance the capacity of administrative officials to revise the plans.

Figure: 13. Urban and Rural Population Projections

(Source: UN 2018)²⁷



²⁵ [Urban population \(% of total population\) - Ethiopia | Data](#)

²⁶ Need Assessment for Capacity Development of Urban Planning Institutions in Regional & City Administration

²⁷ [WUP2018-F03-Urban Population.xls](#), [WUP2018-F04-Rural Population.xls](#), [WUP2018-F05-Total_Population.xls](#)

(10) Environmental management (waste)

- In 1997, the Ethiopian environmental policy advocated the improvement of people's health and quality of life through the collection and recycling of waste. After that, the policy of waste management was established in Solid Waste Management Proclamation No. 513 in 2007, following Public Health Protection Proclamation No. 200 (2000) and Environmental Pollution Control Proclamation No. 300 (2002). However, specific management measures are left to local governments.
- Due to population growth and urbanization, the amount of waste generated in cities has grown rapidly. About 70% of the estimated total waste of about six million tons in 2015 was generated in cities (World Bank 2022). In recent years, the shortage of capacity of the final disposal site and pollution problems in the surrounding environment have become serious, and the need for improvement of the existing final disposal site and construction of a new one has increased.
- Addis Ababa City's ten-year development plan for waste management calls for community education, recycling promotion, collection and transport service improvement, and waste reduction. The biggest problems are the waste dumped in the city (about 4.7% of the total), the undecided location of a new final disposal site, pollution around the existing final disposal site, and the remaining capacity of the site filling up within a few years.
- In 2017, a landslide at the existing final disposal site in Addis Ababa killed more than 100 people (*Following this incident, UN-Habitat implemented construction using the "Fukuoka Method" with the support of the Japanese government. Later, JICA conducted country-specific training in the Fukuoka Method).

1.2.4 Climate change measures

- The climatic characteristics vary greatly from one region to another. In arid and semi-arid areas (especially the lowlands of the Afar, Oromia, and Somali regions), recurrent droughts and floods have caused serious damage to human lives and livestock, and they have also generated IDPs.
- According to OCHA, as of March 2023, approximately eleven million people were facing hunger, and 24 million were in need of humanitarian assistance as a result of droughts²⁸.
- Western forests lost 38,000 ha/year between 2014 and 2020 (World Bank)²⁹.
- The National Biodiversity Strategy (2015) sets forth a vision to contribute to food security, improvement of people's quality of life, and poverty reduction by 2050 through the conservation of biodiversity and ecosystems in the country and their sustainable utilization in all sectors, and places enlightenment of people and increase of forest area as its strategies.

²⁸ [Ethiopia: Drought Situation Update #1 - As of 10 March 2023 | OCHA](#)

²⁹ [content](#)

Figure: 14. Comparison of Population Affected by Floods and Droughts in Ethiopia and Other African Countries

(Source: Compiled by the Governance and Peacebuilding Department of JICA based on EM-DAT³⁰ data for the period after 2000)

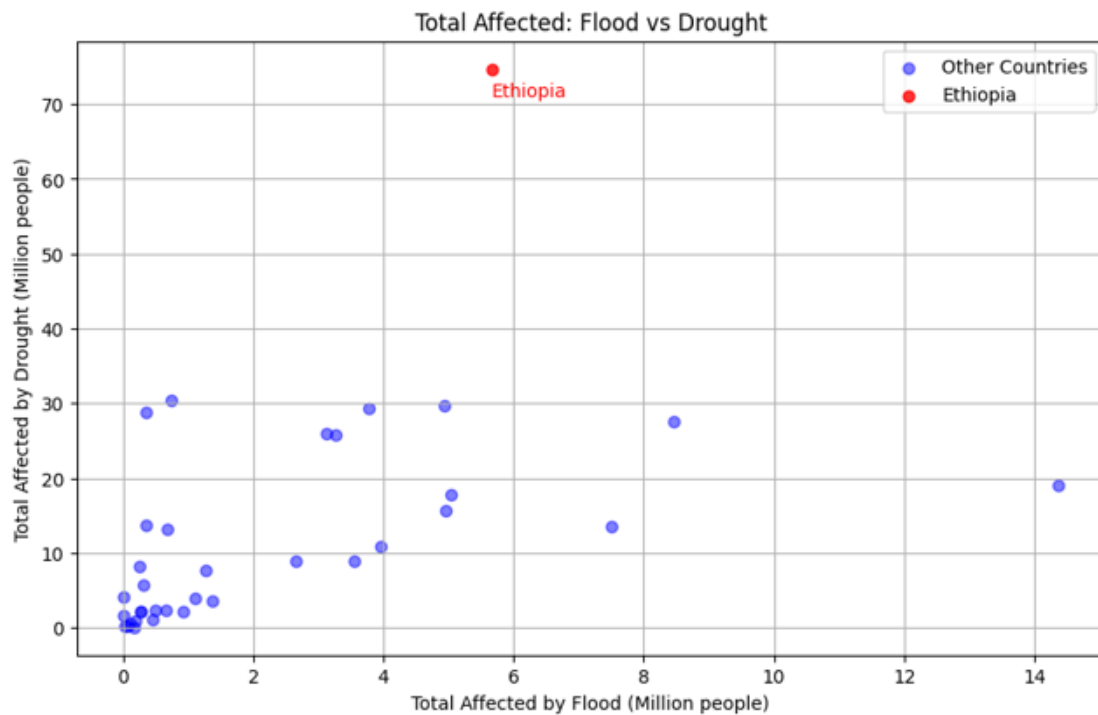
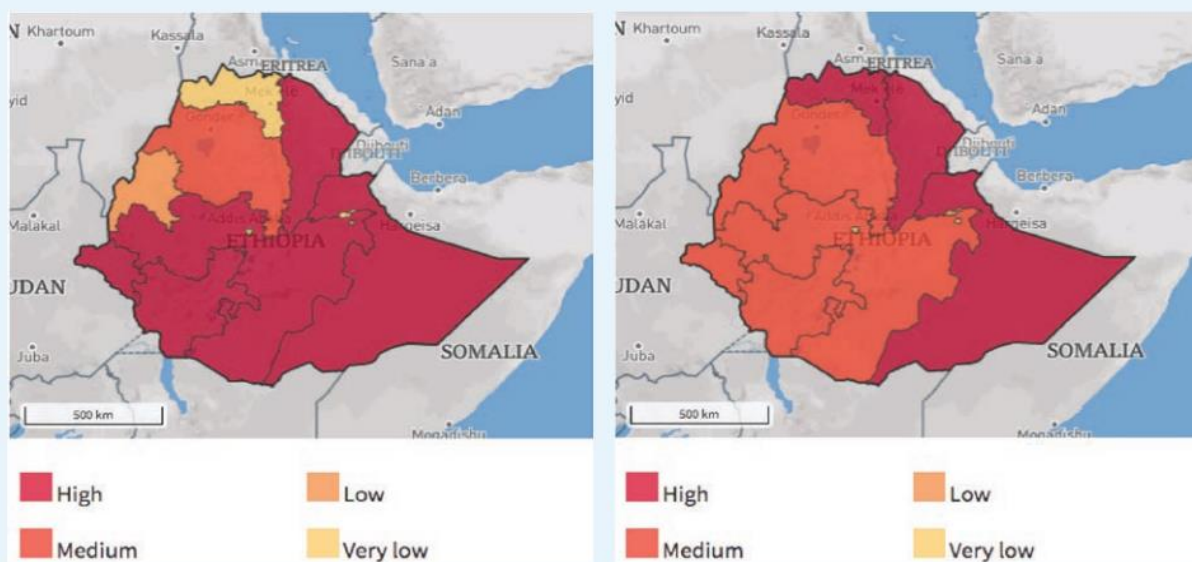


Figure: 15. Risk of Flooding (left) and Extreme Heat (right)

(Source: Climate Risk Country Profile (World Bank 2021)³¹)

FIGURE 8. Risk of river flood (left)⁴⁷; Risks of extreme heat (right)⁴⁸



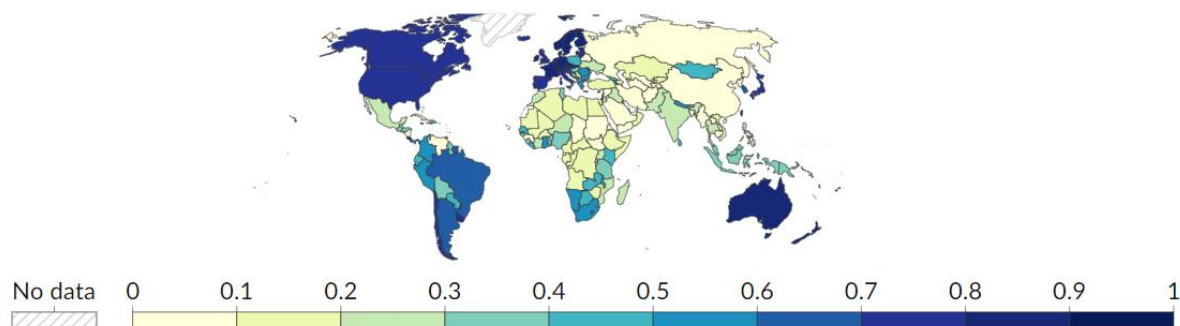
³⁰ [EM-DAT - The international disaster database](#)

³¹ [15463A-WB_Ethiopia Country Profile-WEB.pdf](#)

1.2.5 Dignity and equality

- Ethiopia's Liberal Democracy Index in 2023 (indicated by the Global Change Data Lab by comprehensively considering five fields: political process, civil liberties, political functioning, citizen participation, and political culture) stood at 0.11³².

Figure: 16. Liberal Democracy Index (2023)



- The country ranks 79th among the 146 countries in the World Economic Forum's 2024 Gender Gap Index. In particular, the country ranked low, 136th, in terms of educational achievement, showing a gender gap³³. The Gender Inequality Index ranked Ethiopia 125th among the 193 countries (UNDP 2022)³⁴.
- Human Rights Watch and BMJ Global Health have pointed out sexual violence in the Tigray conflict.
- A study by UN Women in conflict-affected areas (2023)³⁵ noted a lack of role models and lack of education and opportunities for women. It is also said that the implicit role women are expected to play restricts their participation in all decision-making processes.
- According to UNICEF, as of 2015/16, there were approximately 7.8 million persons with disabilities in the country (9.3% of the population). Poverty, school absence, and unemployment are more common among persons with disabilities than among those without disabilities³⁶.

1.2.6 Summary of analysis from the perspective of human security

(1) Analysis from critical situations and the history of their occurrence

The following are crisis risks of particular importance.

- 1) Conflicts: According to Armed Conflict Location & Event Data (2024)³⁷, Ethiopia ranked fifth in Africa in the number of conflicts that occurred and fourth in Africa in the number of deaths. Conflict impacts can hamper all development and create a backdrop for further risks such as poverty, unemployment, and human rights violations. In addition, the challenge of landmines and unexploded ordnance, particularly in the Somali, Afar, and Oromia regions, is a factor impeding development and reconstruction.

³² [Liberal democracy index, 1789 to 2023](#)

³³ www3.weforum.org/docs/WEF_GGGR_2024.pdf

³⁴ [HDR23-24 Statistical Annex GII Table.xlsx](#)

³⁵ [Rapid Gender Assessment Final Report \(Afar, Amhara, Oromia, Somali and Tigray Regions\) \(December 2023\) - Ethiopia | ReliefWeb](#)

³⁶ [3.Situation and access to services of persons with disabilities in Addis Ababa Briefing Note.pdf](#)

³⁷ [ACLED \(Armed Conflict Location and Event Data\)](#)

- 2) Climate change: According to EM-DAT (2024), Ethiopia ranks first in Africa in the number of people affected by natural disasters and seventh in Africa in the number of occurrences of natural disasters. Agriculture, in which 60-70% of the population is engaged, is vulnerable to climate change and directly affects the livelihoods of Ethiopians. It is necessary to strengthen water resource management to mitigate climate change and secure irrigation and drinking water.
 - 3) Poverty and employment: Youths aged 15 to 24, the country's major working population, have the highest unemployment rate, at 12.2% (World Bank 2021). Poverty among rural farmers, who make up the bulk of the population, is also a risk.
 - 4) Health and sanitation: According to EM-DAT data, infectious diseases have caused the most deaths from disasters since 2000. On the other hand, as Ethiopia is a hub for the flow of people in Africa, the country is constantly exposed to the risk of the spread of infectious diseases, and there are concerns about the impact on neighboring countries.
 - 5) Education: More than one million children are out of school due to various factors such as conflicts, internal displacement, disabilities, and being female. This can be a destabilizing factor even from the long-term perspective of inclusive and stable national development.
- (2) Analysis from the perspective of residents and vulnerable groups
- 1) Poor, remote rural residents, and farmers: The country has a poverty rate of 25.4% (2022), and more than 30 million people are poor. Poor and remote rural residents tend to have limited access to basic life infrastructure such as water, electricity, education, and health. In addition, poverty rates are higher in rural areas (remote areas), where a higher proportion of them are farmers and more vulnerable to climate change.
 - 2) IDPs, returnees, and refugees: Many are exposed to a food crisis, and humanitarian needs are high. Access to basic life infrastructure, means of earning a living, land, politics, etc., is limited. Host communities are burdened.

*In addition, the vulnerability of unemployed persons (especially young people and women), women, sexual minorities and ethnic minorities, residents of areas with a high risk of conflict, persons with disabilities, children, etc., is high and needs consideration.

2.1 Significance of cooperation with Ethiopia

2.1.1 Peace and stability

- In the Horn of Africa region, which is vulnerable to climate change and has a relatively large number of unstable countries, Ethiopia has enormous impact on the economies and societies of its neighbors. For example, Ethiopia has actively contributed to peace and stability in the region mainly by mediating peace negotiations over the civil war in South Sudan, countering Islamic extremists in Somalia, and accepting refugees from neighboring countries. Its economy has a significant impact on Djibouti's economy, as more than 90% of imports and exports pass through the Djibouti port. Thus, the stability of Ethiopia, which is a major power in the Horn of Africa region, is a necessity for the region.
- It is important to provide medium- to long-term assistance for peace and stability while taking into account the sense of inequality within the country, bearing in mind ethnic conflicts and the urgent issues of reconstruction in conflict-affected areas. In this process, it is important for Japan to utilize its cooperation assets in order to help the Ethiopian government to achieve equitable development across the country using domestic resources.
- With respect to the issue of landmines and unexploded ordnance, which are impediments to development and reconstruction, JICA can promote South-South cooperation while making the most of existing cooperation assets from Cambodia and other countries and support Ethiopia in strengthening the solidarity of peace and stability in the region as a hub of the African continent.

2.1.2 Economy

- Ethiopia has the second largest population in Africa, and as Africa's fifth largest economy, its industry and economy have a significant impact on trade and economic conditions in various countries. As part of the government's privatization of state-owned enterprises, a consortium of Japanese businesses acquired a mobile communications license in May 2021. Thus, Japanese businesses are actively trying to enter the country in search of potential markets (Ethiopia is a priority target for the introduction of ICT solutions in the Japanese government's Overseas Development Strategy for Infrastructure Systems 2025.).
- However, high inflation and foreign currency shortages have emerged since September 2021 as a result of the deteriorating current account balance, the spread of COVID-19, internal conflicts, and the situation in Ukraine. In July 2024, the IMF Executive Board approved a program worth US\$3.4 billion for the four-year period from July 2024 to July 2028³⁸, and progress has been made in macroeconomic reforms, including (1) the introduction of a floating exchange rate system, (2) efforts to reform the tax system and improve revenues, (3) opening the financial sector to foreign investments, (4) reform of state-owned enterprises, and (5) the introduction of fuel and fertilizer subsidies to help vulnerable groups. Cooperation is significant because economic growth, stability, and business infrastructure development in Ethiopia will have a significant impact on the countries concerned, including Japan.

³⁸ [IMF Executive Board Approves Four-Year US\\$3.4 billion Extended Credit Facility Arrangement for Ethiopia](#)

2.1.3 Society

- Ethiopia is the oldest independent country in Africa, and the precious cultures of various ethnic groups remain. In addition, the nation building of multiracial coexistence based on ethnic federalism can serve as a lesson and model for various countries. At present, the country is in a period of transition from czarism to socialist government to federal democracy to democratization, and cooperation for democratic nation-building is now important.
- Ethiopia is a diplomatic center and a hub for wide-area cooperation in Africa where the headquarters of organizations such as the African Union, the United Nations Economic Commission for Africa (ECA), and the Africa Centres for Disease Control and Prevention (CDC) are located.
- While in terms of bilateral assistance for Ethiopia, the United States, the United Kingdom, and Germany are at the top of the list, Ethiopia has built good relations with Russia and China as evidenced by the announcement of its entry into the BRICS economic zone in 2023. It is important to maintain and further strengthen the relationship of trust between Ethiopia and Japan.

2.2 Major development issues to be addressed by JICA

2.2.1 Policy for reviewing the direction of cooperation

- Ethiopia has an important position as a major power in the Horn of Africa region. In particular, it achieved remarkable economic growth during the 15 years between 2003 and 2018 and has been a driving force in the region's economy and society. The Ethiopian government has promoted industrialization in the GTPII, and in response to this, JICA established in its current country development cooperation policy (formulated in April 2017) the following priority areas: (1) agricultural and rural development, (2) industrial promotion, (3) infrastructure development, and (4) education and health. The Agency has been working to (1) increase agricultural productivity and provide better market access, (2) improve industrial quality and productivity through *kaizen*, (3) build high-quality infrastructure, and (4) develop human resources and promote science and technology.
- Since 2017, however, the situation surrounding Ethiopia has changed significantly as exemplified by the change to the Abiy administration in 2018. In particular, the Tigray conflict that occurred between 2020 and 2022 poses various risks that threaten human security, and new cooperation needs have arisen, including multi-sectoral reconstruction assistance. In addition, due to an increase in ethnic awareness, four regional states gained independence from the Southern Nations, Nationalities, and Peoples' Region between 2020 and 2023, and in recent years public order has become unstable in the Amhara and Oromia regions. Furthermore, macroeconomic reforms have made significant progress under the strong leadership of the government. Attention needs to be paid to relations with neighboring countries, too (Eritrea, Sudan, Egypt, Somalia, etc.)³⁹.
- The promotion of inclusive, resilient, and sustainable development for the realization of human security in Ethiopia is considered important to ensure regional stabilization, support the

³⁹ Tension between Eritrea and the Tigray region has continued since Eritrea sent troops to the Tigray conflict between 2021 and 2022. Following the construction of the Great Ethiopian Renaissance Dam, Egypt and Sudan are opposed to each other over the water supply problem of the Nile River. During the Sudanese crisis in 2023, more than 53,000 refugees entered Ethiopia. Although the relationship between Ethiopia and Somalia worsened after Ethiopia and Somaliland signed a memorandum of understanding in January 2024, they reconciled in December of the same year through the mediation of Turkey.

movement toward democratization, and promote private investments and growth. Therefore, in the future, it is desirable to place greater emphasis on strengthening the resilience of the vulnerable population with peace and stability in mind while emphasizing and continuing economic development cooperation in the country. It is also desirable to reorganize priority areas by issue rather than by sector in order to achieve greater impact by organically combining multiple cooperation projects flexibly and in a multi-sectoral manner. As shown in Table 1 below, it is considered appropriate to extend cooperation through the seven programs under the pillars of Priority Area (1) "Investing in people for the realization of human security in the process of recovery and reconstruction from conflicts and natural disasters," Priority Area (2) "Building a resilient economic structure," and Priority Area (3) "Building a sustainable socioeconomic system," based on the analysis of the aforementioned issues and considering the promotion of co-creation with other actors due to resource constraints.

Table:1. Three-tier Structure (The Current and Revised Versions)

[Current]

Basic policy: Support for the promotion of high-quality economic growth	
Priority areas	Development issues/Cooperation programs
Agriculture and rural development	Rural market economy
	Improvement of agricultural productivity and stability
Industrial promotion	Industrial promotion
Infrastructure development	Stable power supply
	Transportation and urban infrastructure development
	Improvement of access to safe water and urban sanitation measures
Education and health	Development of industrial human resources
	Health

[Revised]

Basic Policy: Promoting inclusive, resilient, and sustainable development for the realization of human security	
Priority areas	Development issues/Cooperation programs
Investing in people to achieve human security in the process of recovery and reconstruction from conflicts and natural disasters	Peace, stability, and reconstruction assistance
	Human resource development
	Improvement of social services and quality of life
Building a robust economic structure	Improving agricultural productivity and competitiveness and ensuring food security
	Industrial promotion and diversification
	Infrastructure development and improvement of the investment environment
Building a sustainable socioeconomic system	Strengthening climate change resilience and environmental management

2.2.2 Future direction of cooperation

The outline (draft) of each cooperation program is as follows:

(1) Peace, stability, and reconstruction assistance

- Recognizing the reconstruction of conflict-affected areas in the north as an urgent and priority need, this program will implement speedy, community-based cooperation in coordination with the government and other donors (also in collaboration with the National Dialogue). In this process, the synergistic effects of grant aid and technical cooperation will be realized. The program will also utilize cooperative assets from other projects such as agriculture and education.
- Consideration will be given to the social cohesion and inclusiveness of communities, the situation of vulnerable groups, and psychological care. The program will promote cross-regional training and network building among administrators and organizations such as universities and local communities.
- In the future, JICA will work with its federal counterparts to apply its cooperation assets from northern reconstruction to other vulnerable areas.
- This is a program that contributes to the TICAD8 Tunis Declaration 2.3 "Realizing Sustainable Peace and Stability," and in TICAD9, it is positioned as cooperation that contributes to the Humanitarian, Development, and Peace (HDP) Nexus as well as to improving the lives of youths and women. The program also contributes to Strategic Goal 4.1 "Strengthening peace and security" in the Agenda 2063, a strategic document of AU, and SDG 16 "Peace, justice, and strong institutions."
- As part of the international trend, the program contributes to the HDP Nexus and the Women, Peace, and Security (WPS) Agenda.
- This is in accord with the JICA Global Agenda (JGA) "Peacebuilding."

(2) Human resource development

- This program will continue to improve access to basic education and its quality through a combination of grant aid, technical cooperation, and dispatch of Japan Overseas Cooperation Volunteers. In terms of access improvement, the program will implement school construction and facility renovation that contribute to the enrolment of girls in schools in a manner that meets their needs. With regard to quality improvement, it will effectively utilize and expand its cooperative assets for science and mathematics education and school management improvement.
- By enhancing the quality of universities through the international student program and the JICA Chair project and bolstering exchanges with Japanese universities, the program will cultivate young leaders who are pro-Japanese and will lead the future of country. It will also continue to strengthen its network after they return home.
- This is a program that contributes to the TICAD8 Tunis Declaration 2.2.3 "Development of Human Resources (Including STEM education and use of digital technology)," and it is important from the viewpoint of contributing to the development of youths, an important theme of TICAD9. The program also contributes to the AU Agenda 2063's Strategic Goal 6.1 "Increasing access to quality education and empowering citizens" and 6.4 "Creating a generation of motivated and empowered youths and children" as well as SDG 4 "Quality education" and SDG 5 "Gender equality."

- As part of the international trend, the program contributes to the Youth, Peace, and Security (YPS) Agenda.
- This is consistent with the JGA “Education” and the Cluster Strategies “Improving learning through the development of textbooks and learning materials and “School for all.”

(3) Improvement of social services and quality of life

- It is important to ensure that people really feel the dividends of peace and development by improving access to basic services for citizens and the quality of their lives through the strengthening of the capacity of administrative agencies and to foster trust between the administration and citizens. In the areas of water, sanitation, and health and healthcare, this program will apply the assets developed through cooperation in Addis Ababa (such as the enhancement of the technical and training capabilities of the Ethiopian Water Technology Institute and hospital management capabilities through *kaizen*) to vulnerable areas, thereby contributing to strengthening the resilience of such areas. In particular, the program will cooperate with regions and regional states where population growth is progressing in developing water supply facilities, improving the quality of health and healthcare facilities, equipment, and human resources, and preparing for the spread of infectious diseases across borders as a hub for human flow in Africa. In addition, JICA will provide cooperation with the ownership of its counterparts and collaboration and co-creation with other organizations (UNICEF, Africa CDC, etc.) in mind.
- In terms of nutrition improvement, the program will take a multi-sectoral approach such as agriculture, school lunch improvement, and nutrition education.
- The program contributes to the TICAD8 Tunis Declaration 2.2.2 "Control of infectious and non-communicable diseases, access to safe drinking-water, and sanitation and nutrition" and 2.2.4 Initiatives for environmental issues (including waste management)," and in TICAD9, it can be positioned as a contribution measure from the perspective of human security. It also contributes to the AU Agenda 2063's Strategic Goal 1.1 "Promoting inclusive, equitable, and sustainable economic growth (in particular, (e) increasing the proportion of the population enjoying decent living conditions) and 3.6.2 "Increasing access to affordable and quality health care." This is consistent with SDG 6 “Water and sanitation” and SDG 3 “Health.”
- As part of the international trend, the program contributes to Universal Health Coverage (UHC) (*The UHC Knowledge Hub will be established in Japan in 2025).
- This is consistent with the JGA “Sustainable water resources management and water supply” and the Cluster Strategy “Supporting the growth of water utilities,” the JGA “Health,” and the Initiative for Food and Nutrition Security in Africa (IFNA).

(4) Improving agricultural productivity and competitiveness and ensuring food security

- In particular, the Cluster Strategies "Smallholder Horticulture Empowerment & Promotion (SHEP)" and "Coalition for African Rice Production (CARD)" in the JGA "Agriculture and rural development" will be the two core projects, and cooperation will be provided with consideration given to nutrition improvement, etc.
- In addition to focusing on further improving vulnerability and strengthening resilience, efficiency will be improved through the utilization of overseas study programs, autonomous activities of counterparts, and cooperation with international organizations, private enterprises, and startups. Since public order is unstable in the Amhara and Oromia regions,

where cooperative assets are accumulated, it is necessary to pay attention to the situation of JICA's counterparts and other parties concerned and maintain and strengthen relationships of trust with them. Project implementation in other areas where security is stable will be considered.

- This program contributes to TICAD8 Tunis Declaration 2.1.4 "Addressing climate vulnerability and enhancing resilience in food security and nutrition," and in TICAD9, it can be positioned as a contribution measure. It also contributes to the AU Agenda 2063's Strategic Goal 3.1.4 "Increasing agricultural production and productivity" and SDG 2 "Zero hunger."
- As part of the international trend, the program contributes to food security.
- This is consistent with the JGA "Agriculture and rural development" and "Improving nutrition" and the Cluster Strategies "SHEP," "CARD," and "IFNA."

(5) Industrial promotion and diversification

- This program strives to strengthen the private sector and promote public-private partnerships. It will address five issues: (1) industrial policy inputs for the promotion of manufacturing; (2) *kaizen*; (3) support for micro, small, and medium enterprises; (4) strengthening the startup ecosystem and promoting private investments; and (5) industrial human resource development through the ABE Initiative and partnerships with private enterprises.
- In particular, with regard to (2) to (4) above, the program will seek to contribute to reconstruction mainly by encouraging human resources in conflict-affected areas to participate in training. It will also promote tourism to contribute to the expansion of means of earning foreign currency.
- The program contributes to the TICAD8 Tunis Declaration 2.1 "Realizing structural transformation for sustainable economic growth and development (including investment promotion, Japan-Africa business partnership, innovation promotion, industrial human resource development, and DX), and it can be positioned as an initiative to achieve concrete results in fostering youths and an initiative to promote co-creation, both of which are the important themes of TICAD9. The program contributes to the AU Agenda 2063's Strategic Goal 1.1 "Promoting inclusive, equitable, and sustainable economic growth" and 6.1 "Increasing access to quality education and empowering citizens (enhancing digital skills in particular: Digital transformation strategy for Africa 2020-2030) as well as SDG 9 "Industry, innovation, and infrastructure" and SDG 8 Direct work and economic growth."
- As part of the international trend, the program contributes to the revitalization of the East African economic zone and the promotion of private-sector cooperation.
- The program contributes to the JGA "Private-sector development" and the Cluster Strategies "Africa *kaizen* initiative" and "Support for entrepreneurs to create business innovation (NINJA)" as well as the JGA "Digital for development."

(6) Infrastructure development and improvement of the investment environment

- As soon as debt sustainability is restored, it is desirable to promote industrial development, including the manufacturing industry, through large-scale infrastructure development such as electricity and roads using yen loans.
- This program will cooperate in training city planning administrators in conflict-affected areas and new regions.
- The program will enhance communication regulation management capabilities and promote

fair competition in the market. It will also promote DX co-creation through collaboration with private enterprises, etc.

- The program contributes to improving the investment climate through the approach of private-sector development in the “Industrial promotion and diversification” program as well.
- The program contributes to TICAD8 Tunis Declaration 2.1.6 “Establishing a free, open, and fair trade and investment environment and the high-quality Program for Infrastructure Development in Africa (PIDA)” and 2.1.4 “Addressing climate vulnerabilities through the utilization of renewable energy resources.” It also contributes to the AU Agenda 2063’s Strategic Goal 1.1 “Promoting inclusive, equitable, and sustainable economic growth” and 2.2 “Enhancing connectivity” as well as SDG 9 “Industry, innovation, and infrastructure” and SDG 7 “Affordable and clean energy.”
- As part of the international trend, the program contributes to Mission 300 (support for clean infrastructure by the World Bank and AfDB).
- This is consistent with the JGA “Transportation,” “Energy and mining,” “Urban and regional development,” and “Digital for development.”

(7) Strengthening climate change resilience and environmental management

- Along with the promotion of agriculture, this program will work through technical cooperation, etc., to (1) strengthen sustainable natural resource management in response to threats such as climate change and natural disasters (balancing environmental conservation, water resource management, and economic growth) and (2) take measures to prevent and mitigate damage from climate change and natural disasters.
- In the capital city, due to rapid urbanization, (3) improving waste management capabilities is an urgent issue to be addressed. In order to solve this problem, it is necessary to (a) construct a new final disposal site (sanitary landfill site), (b) improve the operational capabilities of the existing final disposal site, and (c) reduce the amount of waste (reduce the amount of waste dumped at the final disposal site). Specific measures will be considered taking into account moves on the Ethiopian side.
- The program contributes to TICAD8 Tunis Declaration 2.2.4 “Responses to climate change and natural disaster risks, land and forest degradation, waste management, etc.” and “Initiatives for environmental issues (including waste management),” and in TICAD9, it can be positioned as a contribution to countermeasures against climate change. It also contributes to the AU Agenda 2063’s Strategic Goal 1.1 “Promoting inclusive, equitable, and sustainable economic growth” (especially providing access to affordable and sustainable energy), 1.4 “Enhancing agricultural production and productivity,” and 1.5 “Strengthening resilience to climate change and disaster risks for sustainable socioeconomic development” and is consistent with SDG 11 “Sustainable cities and communities” and SDG 13 “Climate action.”
- As part of the international trend, the program contributes to the Paris Agreement and COP.
- This is consistent with the JGA “Climate change,” Nature conservation (priority country in the Cluster Strategy), “Agriculture and rural development,” “Environmental management (Cluster Strategy ‘Initiative for improving waste management and promoting a recycling-oriented society’)” as well as the JGA “Sustainable water resources management and water supply” and the Cluster Strategy “Practical integrated water resources management to resolve water related issues in the field.”

Chapter 3 Points to note when implementing the cooperation programs

3.1 Points to note for supporting peace, stability, and reconstruction

- Cooperation that creates opportunities for residents to work together and promotes social cohesion among ethnic groups and citizens is important. In light of the sense of inequity in resources, etc., between generations and ethnic groups, consideration should be given to ensure that the scope of cooperation is not limited to some generations and groups. Consideration should also be given to cooperation with efforts for the peace and stability of the entire country, such as cross-regional training, network building among administrative officials, universities, communities, and other organizations, and national dialogue.
- This program will continue to promote women's participation in education and training and mainstream gender considerations in all its projects. In addition to opportunities for women's participation and empowerment of women themselves, the challenges for human security are that social norms and customs surrounding women place women in vulnerable situations and that women are located in areas where they are likely to be the target of threats in times of conflict. For these reasons, when implementing projects, it is essential to analyze the society and environment surrounding women and how to change it.
- At the review stage and at the baseline of each type of cooperation, information should be collected to gain a better understanding of the vulnerabilities of the people targeted for assistance by age, ethnicity, gender, etc., as well as the impact and characteristics of conflicts in the areas targeted for assistance. Moreover, JICA will implement initiatives for the realization of an inclusive society through the empowerment and social participation of these vulnerable groups, especially those living in rural and remote areas, low-income earners, women, children, and persons with disabilities.

3.2 Contribution to wide areas

- As mentioned above, cooperation in the socioeconomic stability of Ethiopia will lead to stability in the Horn of Africa region. On the other hand, the development of multiple port routes in other countries by Ethiopia could have a major impact on the regional economy and diplomatic relations, and it is necessary to pay close attention to its relations with other countries and trends therein. In implementing cooperation, JICA will keep it in mind to contribute to improving connectivity by promoting the sharing of knowledge with other countries. In addition, JICA will collect information and pay full attention so as not to cause problems to the interests of foreign countries.
- Cooperation with the African Union (AU), which brings together 55 African countries and regions, can serve as a platform for promoting multilateral cooperation in Africa through various means such as contributions through AUDA-NEPAD and donor cooperation in projects targeting the AU. In cooperation with the Mission of Japan to the African Union, JICA will actively work to strengthen relations with AU, which has its headquarters in Ethiopia, and cooperate with AU in its Agenda 2063.
- Africa CDC, which is headquartered in Ethiopia, and JICA signed a memorandum of cooperation in February 2024, and both organizations are aiming for wide-area deployment of assets in the health and healthcare sector.
- African countries are important trading partners of Ethiopia, which has ratified the African Continental Free Trade Area (AfCFTA) and established a dedicated unit in the Ministry of Trade

and Regional Integration. JICA will pay close attention to movements related to the strengthening of regional economic connectivity in the country.

- In addition, *kaizen* as Japan's philosophy and methods for quality improvement and productivity growth was introduced to the Ethiopian side in a policy dialogue between Japan and Ethiopia in 2008. At the strong request of former Prime Minister Meles, JICA has since provided cooperation in the area of *kaizen*. With the understanding and ownership of the Agency's counterparts, *kaizen* in Ethiopia has been particularly successful in the African region, and the country is expected to become a base for the implementation and dissemination of *kaizen* not only domestically but also in wider areas. In the future, JICA will promote the spread of *kaizen* in neighboring countries and strengthen the functions of support centers for industrialization in Africa, aiming to contribute to wider areas.

3.3 Co-creation and utilization of diverse cooperation schemes

- JICA will utilize the various schemes listed below to formulate and implement projects with high impact.
 - Loan assistance: JICA will promote dialogues with the Ethiopian government, other donors, and the Japanese government to consider the possibility of organizing projects rapidly so that they can be actively formed after debt sustainability is improved. At the same time, the Agency will continue human resource development for the Ministry of Finance (strengthening debt management capabilities). Close attention should be paid to the debt situation, macroeconomic reforms, and debt restructuring, because they could affect all projects.
 - Grant aid: Projects will be organized continuously mainly in areas where there are no problems in terms of safety measures. Grant aid projects will also be implemented in cooperation with international organizations.
 - Private-sector partnerships: JICA will focus not only on SME support but also on DX co-creation projects, offer-based cooperation, and promotion of private investments (textile and leather industries, etc.).
 - Japan Overseas Cooperation Volunteers (JOCV): The dispatch of JOCVs was temporarily suspended due to the COVID-19 pandemic and conflicts but was resumed in July 2023. In light of the status of public order, the scale of dispatch will be expanded mainly to the capital.
 - JICA Chair: In February 2024, JICA signed a memorandum of understanding with Addis Ababa University to implement the JICA Chair. The program will be continued, including various universities in Ethiopia, to foster pro-Japanese leaders and strengthen ties with Japanese universities.
- Taking into account its safety measures and resource constraints, JICA will promote the development of cooperation assets and the expansion of results through partnerships with international organizations and the private sector.

3.4 Promotion of DX

- JICA will give consideration to the utilization of data and digital technologies (including AI) in all projects.

- In particular, JICA will make effective use of the ongoing DX co-creation project, and on the basis of this, the Agency will discuss with relevant parties about the possibility of solving development issues and apply solutions in all sectors.
- Through these DX promotion efforts, it will also promote co-creation with private enterprises and startups (Ethiopian, Japanese, and third-country).

End of the paper

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