



## Joint declaration on the

### “Ethiopian - Italian Cooperation Framework 2023 – 2025”

The President of the Council of Ministers of the Italian Republic and the Prime Minister of the Federal Democratic Republic of Ethiopia met on the 6<sup>th</sup> of February 2023 in Rome and signed the present joint declaration on the “*Ethiopian - Italian Cooperation Framework 2023 – 2025*”, herewith attached, that was previously negotiated during a series of preparatory sessions.

The Ethiopian Party praised the Italian contribution to the development efforts of the Country. The Italian Party encouraged the Ethiopian Party to continue along the path toward national reconciliation and political dialogue, assurance of regular flows of humanitarian aid and restoration of essential services across the whole country, by fully honoring and implementing its commitment deriving from the Agreement for Lasting Peace and Permanent Cessation of the Hostilities.

The Italian financial commitment of the “*Ethiopian -Italian Cooperation Framework 2023 – 2025*” amounts to 140 million Euros, consisting in 100 million Euros in soft loans and 40 million Euros in grants.

The new Cooperation Framework proposes an innovative strategy aimed at guaranteeing the implementation of the planned initiatives and those related to the previous Cooperation Framework in a strongly coordinated way. This integrated approach is intended to ensure the highest effectiveness and complementarity of the projects.

The Parties agree on the programmatic nature of the attached Cooperation Framework, which is not source of legal binding obligations. These obligations will be determined by specific Implementing/Technical Agreements aimed at regulating, monitoring and finance each cooperation activity individually.

FOR THE GOVERNMENT OF THE  
ITALIAN REPUBLIC

FOR THE GOVERNMENT OF THE  
FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA

**ETHIO-ITALIAN COOPERATION  
FRAMEWORK  
2023-2025**

## 1. Introduction

Italy has a long standing and fruitful partnership with Ethiopia and a strong engagement towards the development of the Country. The historical ties and the importance of Ethiopia as a **“Priority Country”** for the Italian development cooperation have been reaffirmed by increasing by 12% the total portfolio of the previous Ethio-Italian Cooperation Framework 2017-2019 (125 million Euro) rising the Programme’s total amount to **140 million Euro**.

Development cooperation is an integral and qualifying part of the Italian foreign policy. It is inspired by the principles of the Charter of the United Nations and of the Charter of Fundamental Rights of the European Union. Pursuant to the principle laid down in Article 11 of the Italian Constitution, its effect contributes to fostering peace and justice and aims at promoting mutually supportive and egalitarian relationships between people based on principles of interdependence and partnership.

The Italian Law on International Development Cooperation (Law 125 of 11 August 2014) establishes an institutional architecture composed of a political arm, represented by the **Ministry of Foreign Affairs and International Cooperation – Directorate-General for Development Cooperation**, a financial arm, represented by **Cassa Depositi e Prestiti (CDP)**, as the Development Finance Institution, and an operational arm, represented by the **Italian Agency for Development Cooperation (AICS)**.

In this framework, Italy promotes a whole-of-country approach by which AICS, the Italian Embassies abroad, Italian line ministries, territorial administrations, public agencies, the Civil Society Organisations (CSOs), the private sector, Centres of Excellence, are all vital actors for development cooperation.

The new Ethio-Italian Cooperation Framework 2023-2025 will therefore promote synergies and partnerships with the Italian cooperation stakeholders mentioned above, providing high-level expertise, closely working with the relevant Ethiopian institutions to attain the development targets of the Government of Ethiopia (GoE). Italy is firmly committed to supporting the Ethiopian Government in the implementation of the Home-Grown Economic Reform (HGER), the Ten-Year Perspective Development Plan (PDP) together with the EU+ (EU Member States + Norway and Switzerland) and the Development Partners’ Group (DPG).

The Ethio-Italian Cooperation Framework is aligned to the HGER and PDP objectives, the main GoE policies, and the objectives of the European Union, including Team Europe Initiatives, in the framework of the Neighbourhood Development and International Cooperation Instrument (NDICI). The Ethio-Italian Cooperation Framework 2023-2025 intends to build on existing successful partnerships with the EU Member States, taking into account the necessary coordination with EU-led initiatives. To this end, new partnerships will be explored and supported in line with the coordination efforts promoted at the EU level.

The aid structure in Ethiopia has evolved through processes and stages. Today, the Development Partners Group (DPG), which provides development support to Ethiopia, comprises 30 multilateral and bilateral partners. Italy takes an active part to the various structures through which the donor community dialogues with the Government of Ethiopia on development programming, policies and processes (High-Level Forum, DPG Executive Committee – ExCom, Heads of Agency and Sector Working Groups).

The Ethio-Italian Cooperation Framework operates within the Development Cooperation Framework Agreement between the Government of the Italian Republic and the Government of Federal Democratic Republic of Ethiopia, signed in Addis Ababa on December 8<sup>th</sup>, 2014.

## 2. ETHIOPIA'S DEVELOPMENT CHALLENGES AND OPPORTUNITIES

Over the last decade, Ethiopia's economy experienced strong, broad-based growth averaging 9.4% a year from 2010-2011 to 2019-2020, while Ethiopia's real gross domestic product (GDP) growth slowed down to 6.1% in 2019-2020 due to COVID-19 pandemic (IDA- World Bank Group)<sup>1</sup>. Industry, mainly construction and services, accounted for most of the growth, despite the fact that the Ethiopian economy remains mainly agriculture based. This high level of growth, along with massive public investments in roads, education and health has allowed the Country to significantly reduce the poverty rate and to reach the targets of the Millennium Development Goals (MDGs) related to poverty and hunger, education and child health.

Despite rapid growth and significant strides in the last ten years, the Ethiopian economy has been challenged by macroeconomic imbalance and limited private sector development. Ethiopia's economy requires further reforms to support private sector to develop domestic resources and reduce public spending and external debt. Rates of unemployment remain high, particularly among women (26.4% - ILO, 2021) and youth (25.3% - UNDP, 2021).

According to the 2020 UNDP Human Development Report, Ethiopia's Human Development Index (HDI) value for 2019 is 0.485. Despite a remarkable 63.5% increase in 17 years, Ethiopia's HDI value maintains the country in the low human development category, positioning it at 173 out of 189 countries and territories.

Apart from internal movements of people from the countryside to the urban centres, it is important to underline that Ethiopia is experiencing international flows of migrants, as a Country of origin, transit and destination. Its geopolitical location makes Ethiopia a host Country for many people seeking refuge from neighbouring countries. Ethiopia is one of the largest refugee-hosting countries in the world with around 811.000 registered refugees (June 2021)<sup>2</sup>. "Push factors" of migration include poverty, rapid population growth and a high number of unemployed or underemployed youth, land issues, climate change-induced droughts and floods, regional instability and conflicts. However, the significant contribution of remittances to the Country's income and provision of foreign currency is well recognized. Human trafficking and smuggling of migrants remain major challenges for the Country as well.

To address the need of reforms, the Ethiopian Government first launched the HGER in 2019, and subsequently the Ten-Year Perspective Development Plan (PDP) from 2020-2021 to 2030, that envisages achievements that are coherent to the HGER agenda, and the doubling of per capita income by 2030. Its strategic priorities include: (i) building technological capacity and digital economy, (ii) ensuring sustainable access to development finance, (iii) ensuring leading role of private sector in development, (iv) building green economy resilient to natural and man-made disasters, (v) ensuring inclusiveness of growth, and (vi) promoting good governance, access to justice, peacebuilding, and regional integration. The PDP goals and pillars show the commitment of the Government of Ethiopia to the United Nations 2030

<sup>1</sup> <https://ida.worldbank.org/en/country/ethiopia#:~:text=Ethiopia's%20economy%20experienced%20strong%2C%20broad,for%20most%20of%20the%20growth>

<sup>2</sup> <https://data2.unhcr.org/en/country/eth>

Agenda for Sustainable Development (SDG 2030). The Country's vision and the PDP goals are by large interlinked with the 17 goals and the associated 169 targets that are identified in the Sustainable Development Goals (SDGs) 2030 (UNDP, 2022); 15 out of 17 SDGs are coherently integrated with the national development plan of Ethiopia.

During the pandemic outbreak of COVID-19, agriculture was less affected, compared to other sectors in Ethiopia, and its contribution to growth slightly improved in 2019-2020 compared to the previous year<sup>3</sup>. With regard to the structure of the economy, agriculture still accounts for 32.8% of the GDP and employs 73% of the workforce, industry accounts for 21.6% of the GDP and employs 7% of the workforce and the service sector accounts for 39.4% of the GDP, employing 20% of the workforce (PDP, 2020). Despite high economic growth, the economy is still relying on the agricultural sector and the structural transformation is still at its incipient phase.

Unemployment and underemployment remain major economic and social challenges, additionally affected by the COVID-19 outbreak and the conflict situation in the north of Ethiopia. With over 2 million young people entering the labour market every year (PDP, 2020) and the increasing formal involvement of women in the national economy, the GoE is currently working to provide sustainable and inclusive job opportunities for all by implementing the Plan of Action for Job Creation 2020 – 2025. A conducive environment to attract private investments and the promotion of public-private partnership will be important for the development of small and medium enterprises (SMEs) to contribute to economic growth; a special focus on youth and girls and women will be vital for increasing equal and inclusive development and productivity.

Ethiopia is currently facing several challenges. Heavy dependence on rain-fed agriculture makes the country particularly vulnerable to the adverse impacts of climate change. The 2022 drought is being considered as the worst of the last forty years, severely affecting 7 million persons in southern and eastern parts of the country. Cyclic droughts and conflict-driven crises in Ethiopia and neighbouring countries pose today a serious threat to the stability of the region, as well as to the security and development achievements reached over the past years. Therefore, effective governance of natural resources, as well as strengthening resilience and focusing on green economy/ sustainable development are fundamental. Furthermore, the incidence of conflict has increased since November 2020, leading to substantial impacts on lives, livelihoods, and infrastructure (World Bank, 2022). Macro-economic and social stability are additionally harmed by the rising inflation that has characterised by internal and external factors in the past two years (20.35% in 2020, and 26.78% in 2021<sup>4</sup>). Due to the current internal and external crisis, prices in east Africa for basic goods have drastically increased. Particularly in the last year vegetable oil increased by 45.9%, cereal by 36.6%, beans 14, 1% (OCHA, 2022).

### **3. STRATEGY AND METHODOLOGY**

The Ethio-Italian Cooperation Framework 2023-2025 has been negotiated with the Ethiopian authorities. The framework intends to create the most sustainable impact and pursue an efficient use of resources by concentrating on geographical priority areas and sectors where the most vulnerable situations are found and where the highest impact can be achieved. The

<sup>3</sup> <https://www.worldbank.org/en/country/ethiopia/overview>

<sup>4</sup> World Bank, 2022

Agreement will focus on areas where Italy and Ethiopia can create more effective synergies, stimulating private sector’s engagement and a profitable collaboration with Institutions and Local Authorities in both countries. Italy will also rely on the collaboration with Italian Civil Society Organizations (CSOs), whose expertise is particularly welcomed in order to ensure that the available financial resources will be managed in an efficient manner and the activities carried out sustainably.

The Ethio-Italian Cooperation Framework 2023-2025 is developed following the guiding principles of strengthening the Country ownership and reinforcing mutual accountability.

Joint coordinated actions, both at EU as well as at a wider level, are envisaged and synergies between cooperation and humanitarian assistance are promoted, thus reinforcing the “triple nexus” humanitarian, development and peace. Decentralized Ethiopian public and technical entities will be considered as crucial partners for the effective implementation.

The Ethio-Italian Cooperation Framework 2023-2025 acknowledges the latest international developments such as the Sustainable Development Agenda 2030, the EU Consensus on Development adopted in June 2017, the recommendations of the Addis Ababa Action Agenda on Financing for Development (2015), the AU objectives set out in the Agenda 2063, the Global Partnership for Effective Development Cooperation and the commitments discussed at the 2015 Valletta Summit on Migration, at the 2016 UN Summit for Refugees and Migrants and at the UN Climate Change Conference, held in Glasgow in 2021 (COP26).

#### 4. PROGRAMME DESCRIPTION

The overall budget of this Cooperation Framework is **140 million Euro**, which will be provided through soft loans (100 million Euro) and grants (40 million Euro). The implementation modalities are the following:

- Bilateral programs (loans and grants) – funds managed by the Ethiopian Government;
- Multilateral programs (grants) – through international agencies for specialized technical assistance.

Funding channels	Soft Loans	Grants	Grant
<b>GRAND TOTAL</b>	<b>100</b>	<b>30.5</b>	<b>9.5</b>

The following table summarizes the initiatives, which are grouped into two main sectors. **Sector 1** will focus on **Economic Development and Job Creation**, **Sector 2** on **Basic Services Delivery**. Since the framework is designed to cover three years starting 2023-2025, the details and interventions included in the summary will be refined during the program/project document preparation.

<b>Sector 1: Economic Development and Job Creation</b>					
Sub-sectors	Loan	Grant	Multilateral	SDG	Target
1.1 Strengthening agro-food systems	20	2	3	5 8 9	5.5 8.2, 8.3, 8.10 9.2, 9.3

1.2 Support to the leather sector	20	7	3.5	8 9 12	8.2, 8.3 9.2, 9.4 12.4
1.3 Support to job creation oriented skills and infrastructures development	10	2		8 11	8.2, 8.3, 8.9 11.3, 11.4
1.4 Support to the effectiveness of the Home Grown Economic Reform		2,5		8 9	8.3 9.1, 9.2, 9.3
<b>Sub Total Sector 1</b>	<b>50</b>	<b>13.5</b>	<b>6.5</b>		

<b>Sector 2: Basic Services Delivery</b>					
<b>Sub-sectors</b>	<b>Loan</b>	<b>Grant</b>	<b>Multilateral</b>	<b>SDG</b>	<b>Target</b>
2.1 Strengthening health services access, quality and inclusiveness	20	9		3 5	3.1, 3.3, 3.4 5.2, 5.3
2.2 Support to quality, inclusive and equitable services	12	3	3	5 10 16	5.3, 5.a, 5.c 10.2, 10.3 16.6, 16.7
2.3 Support to inclusive education	7	1		4	4.1, 4.2, 4.5, 4.7
2.4 Improve natural resources management	11	4		6 7 15	6.1, 6.5, 6.6 7.1, 7.a 15.1, 15.3
<b>Sub Total Sector 2</b>	<b>50</b>	<b>17</b>	<b>3</b>		

## **SECTOR 1. ECONOMIC DEVELOPMENT AND JOB CREATION**

The **General Objective** of the **Sector 1** is to improve: 1) agro-food systems and women better integration of selected value chains, 2) the quality of services offered in leather value chains, 3) skills and infrastructure capacities related to cultural heritage, responsible tourism and other most relevant sectors, 4) the effectiveness of the HGRE and the PDP. This objective will be achieved through tailored investments and skills enhancement, thus creating better job opportunities.

In order to tackle joblessness and unemployment, funds will focus on sustaining the growth of the agro-food systems, improving the leather products quality, supporting the cultural heritage, enhancing capacities and skills of all operators, and finally, supporting structural transformations through productivity and competitiveness.

All initiatives designed under this sector will tackle gender disparities in order to facilitate active women's empowerment, participation and inclusion and will have a special attention towards a climate resilient and eco-sustainable growth.

### **Sub-sector 1.1. Strengthening agro-food systems**

Proposed budget: 25 MEUR (20 MEUR soft loan; 2MEUR grant bilateral; 3 MEUR grant multilateral)

The Ethio-Italian Cooperation Framework 2023-2025 will **scale up the ongoing activities and further value chain steps**, working with relevant actors of Ethiopian agro-food systems, continuing to **strengthen skills, food quality, safety and traceability, within the framework of the Integrated Agro-Industrial Parks**. In order to do so, two components are foreseen: agro-industrial parks' production will be improved and integration of key agricultural products and light manufacturing (food processing, agro-food services, etc.) will be promoted by providing impactful access to finance solutions with a focus to women. The initiatives will be fully aligned to the Home-Grown Economic Reform and the Ten-Year Perspective Development Plan, being access to finance a key element for growth identified by the Government of Ethiopia for the next years.

#### Increasing the quality of agro-food system services

This intervention aims at promoting and improving the agro-food system related services, by strengthening food quality and safety assurance and control systems. The intervention will be in line with the labour market needs and international food health and safety standards. In order to increase the intervention effectiveness and sustainability, activities will be tailored to match the sector demand of skilled workforce and linked to access to finance initiatives, specifically designed for women entrepreneurship. Access to credit is considered as one of the major bottlenecks for doing business in Ethiopia (World Bank, 2019<sup>5</sup>). In this sense, guaranteeing a better access to credit and financial instruments is key to stimulate potential foreign and local investments. In order to increase the chance of success of the transformation and industrialization of the agro-food system model promoted by the Government of Ethiopia, Italy will keep on supporting the improvement – through access to finance – of services enabling better supply, eco-sustainable production and productivity of agro-food commodities, quality of food, and enhancement of safety standards.

#### Sub-sector 1.2. Support to the leather sector

Proposed budget: 30.5 MEUR (20 MEUR soft loan; 7 MEUR grant bilateral; 3.5 MEUR grant multilateral)

The initiative will focus on two components:

##### Support to Modjo Leather City

Building on the successful examples of Italian cutting-edge technology for the establishment of eco-friendly leather districts – like the one in Santa Croce sull'Arno, Tuscany Region, where the Italian leather is produced utilizing cleaner processing technologies and innovative waste treatment facilities - this intervention aims at ensuring an improved environment approach in the Ethiopian leather industry.

The proposed Italian support aims at enhancing the environmental sustainability of the local leather industry, as well as at facilitating production, diversification and competitiveness. In partnership with Italian training and research institutions, the project will provide training,

<sup>5</sup> World Bank (2019). *Doing Business 2020. Comparing Business Regulation in 190 Economies. Economy profile Ethiopia*.

laboratories and teaching equipment for updated and low environment impact tanning techniques.

Support to local creativity to boost Micro, Medium and Small Enterprises (MSMEs) products and services quality improvement.

Thanks to previous Italian support, MSMEs leather clusters flourished in Ethiopia, creating new jobs and contributing to export and import substitution. However, there is still the need to improve their competitiveness through enhancing their creativity, managerial capacities, technological upgrading, facilitating access to credit as well as building linkages with regional and international markets.

The proposed initiative aims at the consolidation of the **Creative Hub in Addis Abeba**, a center that offers business services and spaces to local leather entrepreneurs and designers. The Hub offers a platform for existing MSMEs as well as operators, especially women-owned businesses in design, leather, fashion, textile, etc.

The proposed initiative aims at further supporting the GoE, through its institutional technical arms for MSMEs promotion, for improving its services. This will include the setting up and modernization of its technical workshops, as well as the conduction of technical feasibility studies for replicating the Hub experience in other locations and Regional States. The project will also assist the GoE in the preparation of the work-plan, Terms of References (ToRs) and technical studies.

**Sub-sector 1.3. Support to job creation oriented skills and infrastructures development**

Proposed budget: 12 MEUR (10 MEUR soft loan; 2 MEUR grant bilateral)

This intervention aims at creating job by improving the skills and the capacity of all level operators related to the preservation and valorization of the Ethiopian cultural heritage. The programme will offer relevant short-term vocational trainings and build the capacity not only of cultural and tourism operators but of different collateral productive and service sectors able to increase job creation in a multispectral local economic integrated system. The initiative will also ensure an active and gender-balanced engagement of target communities to benefit from it. To ensure an effective gender perspective and persons with disabilities inclusion, the intervention will also focus on system capacity. Italy will foster an integrated approach, involving public, private and civil society sectors, in supporting inclusive and sustainable economic enhancement. Improvement of cultural services will be catalyzed by the support to the appropriate Ethiopian Institutions in the provision of demand-driven trainings and skills enhancement activities to identified stakeholders and actors, including the ones involved in parallel productive and services activities. **Target groups will include students, public officials, youth and women in different sectors, such as hospitality personnel and staff, professional cultural guides and local cultural associations, typical products operators, handcraft producers, communication and local promotion agents, logistic and other relevant services.** Soft activities will be complemented by infrastructural interventions, such as a center of excellence and enterprise incubator/hub, aiming at increasing the capacity of skills training institutions able to promote sustainable job creation. Leveraging on the unique Italian expertise in restoration and conservation of historical sites and buildings, the Italian Development Cooperation will ensure the best technical support to the Ethiopian Government. The involvement of recognized Italian excellences, when necessary, will play a key role in guaranteeing the highest standards, innovative approaches and knowledge transfer in the

design and implementation of the proposed activities. In order to increase supported interventions economic sustainability, selected institutions will be strengthened and empowered through capacity-building activities, with the aim to improve management and maintenance/rehabilitation of cultural and natural sites, with the potential involvement of the private sector.

#### **Sub-sector 1.4 Support to the effectiveness of the Home-Grown Economic Reform**

*Proposed budget: 2.5 MEUR grant bilateral*

Considering the objective, pillars and priorities set in the Home-Grown Economic Reform, this component will enable to conduct tailored studies and small pilot innovative initiatives that will be responding to punctual needs arising during the implementation of the Cooperation Framework 2023 - 2025, with a sectoral focus relevant to different Federal Institutions. This initiative is meant to be flexible and will be activated on a case-by-case modality, by deploying funds for deeper decision-making orientation of the Ministry of Finance and line Ministries when the need arises. The main sectors that will benefit from the studies and the pilot projects are agriculture, industry (manufacturing), and cultural heritage. The feasibility, pilot testing and impact studies will have a focus on improvement of ease of doing business, the inclusion of the private sector, gender and climate change issues, innovative solutions for access to finance, support to entrepreneurship and job creation, incentives and sustainability of Special Economic Zones. Beside this, and following the establishment of a continental free trade area in Africa, a feasibility study on corridors that could improve the exchange of goods and movements of people within Ethiopia, in selected strategically trading routes, could be proposed.

### **SECTOR 2. BASIC SERVICES DELIVERY**

The **General Objective** of the **Sector 2** is to improve access and inclusiveness to quality services such as health, education, water and energy, by enhancing the capacities of the service providers and infrastructures. Gender equality will be pursued at all levels through initiatives aiming at a wider women's participation in governance structures and at community level, and at improving their socio-economic empowerment. Moreover, actions under this sector will care for the environment and include Climate Resilience activities.

#### **Sub-sector 2.1. Strengthening health services access, quality and inclusiveness**

*Proposed budget: 29 MEUR (20 MEUR soft loan; 9 MEUR grant bilateral)*

The initiatives aim at strengthening the access and the quality of the health services, with a specific focus on rural and pastoralist areas and a particular attention on women and persons with disabilities. These goals will be achieved by strengthening the **capacities of the technical staff, contributing in the development of policies and directly working at grass root level to improve the provision of services**. Italy will go on supporting the SDG Performance Fund (SDG PF) as efficient tool to improve the health coverage all over the Country and integrate humanitarian interventions into the system by considering the challenges the same system is facing because of the pandemic, drought and conflicts. Moreover, Italy will work with a comprehensive approach considering the double burden, characterized by the coexistence of Communicable and Non-Communicable Diseases

(cancer, diabetes, hypertension, Mental Health), strengthening the decentralization of specialized services at primary health care level. Finally, the Italian support will be aimed at supporting a comprehensive mechanism for the response and treatment of Sexual Gender Based Violence (SGBV) in line with the Ministry of Health-Gender Directorate priorities.

### **Sub-sector 2.2. Support to quality, inclusive and equitable services**

*Proposed budget: 18 MEUR (12 MEUR soft loan; 3 MEUR grant bilateral; 3 MEUR grant multilateral)*

The initiatives aim at supporting the provision of decentralized quality, inclusive and equitable services with a specific focus on women and persons with disabilities and their empowerment at different levels. For that purpose, **Italy will support the Enhancing Shared Prosperity through Equitable Services Program (ESPES), managed by the World Bank supporting the Government of Ethiopia in its efforts on the provision of inclusive basic services.** Moreover, Italy will support the GoE in its efforts towards inclusive and equitable services and decision-making structures, strengthening the socio-economic empowerment of the most vulnerable women and, in the meantime, enhancing their capacities to actively participate in the decision-making processes at community and higher level.

### **Subsector 2.3: Support to inclusive education**

*Proposed budget: 8 MEUR (7 MEUR soft loan, 1 MEUR grant bilateral)*

The programme aims at supporting the GoE in the efforts towards inclusive and quality primary and secondary education, considering the main challenges the education system is still facing in addressing the needs of the most vulnerable children.

Building also on the Italian best experiences in the education sector, the programme will focus on filling the gaps hindering access and effectiveness and quality of education. Children with disabilities, out of school/drop out children and children and girls living in remote and post - conflict affected areas will benefit of a comprehensive intervention addressing the main needs in the basic education system. **Activities will mainly include the construction of schools' infrastructures where there are most needed, along with the rehabilitation of schools' infrastructures, especially in areas that have been afflicted by conflicts, equipment provision and improvement, access to education for the most vulnerable groups (support to school feeding, boarding services), teachers' trainings and capacities strengthening and possible other actions better identified after specific needs assessments.**

Specific attention will be paid to the northern Regions, Oromia and remote areas (pastoralist areas, highlands), particularly where the Italian cooperation is also active with other interventions aiming at supporting equitable and quality decentralized basic services, communities' resilience, and livelihood. On this aspect, Italy will promote coordination with involved line Ministries and local Institutions with implementing partners of other Italian funded interventions in the definition of education and training modules aimed at connecting the secondary education to the job market. The programme will create synergies also with Italian excellences, sharing best practices in terms of policies definition and application.

## **Subsector 2.4: Improve natural resources and environmental management**

*Proposed budget: 15 MEUR (11 MEUR soft loan, 4 MEUR grant bilateral)*

The initiatives aim at supporting the implementation of environmental-related activities to ensure sustainable development and policy enforcement. In particular, **sanitation and pollution control and management interventions will ensure the improvement of the quality of natural resources and the mitigation of environmental degradation.** Communities and constructed services will be connected to renewable energy facilities, while local authorities will be capacitated in the management of such installations. The enhancement of the environmental quality as well as the improved access to energy sources will ameliorate the living conditions of urban and rural communities and will support the creation of income generation opportunities.

Nonetheless, climate resilient infrastructural investments and actions to address adaptive capacity to changing environment will be implemented. Federal and local institutions will be involved and strengthened in order to operationalizing the Ethiopian Climate Resilient Green Economy, and the Disaster Risk Management Policies and the National Integrated Water Resources Management Program.

The contribution of Italian excellences will be key to achieve the abovementioned results and foster the initiative through innovative, affordable and appropriate technologies. In particular, Natural Engineering Techniques are expected to be introduced and piloting of decentralized early-warning systems will be implemented.