

The Federal Democratic Republic of Ethiopia

Positions for the United Nations Development Programme – Executive Board

I. Promoting the Use of Microfinance for Rural Development

The Federal Democratic Republic of Ethiopia has emphasized – in international, regional, and national forums – the importance national stability has on a state’s ability to cultivate productive, democratic societies. Economic security is a critical contributing factor in the overall welfare and living standards of a population. Economic security not only ensures a state’s ability to cultivate long-term financial, political, and social policies, but also fosters a confidence in people that leads to further innovation and cooperation. Microfinance, through loans, savings, and other financial services, aids in instituting financial autonomy in underprivileged communities. Implementing microfinance among rural populations requires an understanding of the complexities of building economic infrastructure. The United Nations Development Program (UNDP) was established for the express purpose of reducing poverty through partnerships with countries that aid them in developing policies and institutional capabilities. With previous action in 177 Member States and territories, the UNDP has a proven track record fighting poverty through cooperative policy, making this body the most appropriate forum for addressing microfinance in rural communities.

Nationally, Ethiopia has made a microfinancing a key part of economic reform in previous decades and has continued its commitment to bringing forth solutions that aid in rural development. Through the establishment of Proclamation No. 40/1996, the Association of Ethiopian Microfinance Institutions (AEMFI) was created. The National Bank of Ethiopia was set to regulate these institutions and through doing so was mandated to “offer or facilitate training for the personnel of micro financing institutions” and “promote investment in micro financing business, especially in rural Ethiopia, pursuant to powers vested in it under the law.” This proclamation goes on to emphasize that “every microfinancing institution shall devise and execute a policy whereby the low-income section of society, especially in rural areas, get access to credit and to this end it shall implement such means of substituting group guarantee for property collateral requirements.” Ethiopia understands and takes into account that in rural communities, where little access to financial infrastructure is common, microfinance institutions must work in collaboration with these communities and establish policies that are realistic given the economic abilities of their clients. Ethiopia has made a concerted effort to expand economic growth **regionally** by enacting programs and policies that encourage citizens outside of Addis Ababa to participate. In cooperation with the United States of America, in October of 1990 Ethiopia began the Market Towns Development Project, which aimed at improving the fundamental services needed in rural productive areas. Through the utilization of service centers, Ethiopia provided basic infrastructure to expand economic participation to rural towns and villages. The Market Towns Development Project assisted urban services agencies, encouraged micro- and small-scale enterprises, and worked towards improving financial management and operating practices in 20 project towns. Ethiopia’s two governing principles for the greater part of the project were improving the poor’s access to basic services and to strengthen management, financial, and technical capacity to ensure the sustainability of investments. Ethiopia learned through this project, the ways in which rural development proposals suffer when those involved in their execution are unaware of the complexities they entail.

Ethiopia asserts that it is critical to the success of developing nations that the regions in which they reside are stable economically and politically; when a nation struggles it cannot participate in international affairs to the extent that it may desire. Ethiopia has taken to working heavily within the African Union to foster prosperity in the Horn of Africa and build relationships with regional neighbors that can lead to mutually beneficial progress. It is Ethiopia’s hope to work alongside our fellow delegates to establish a framework which allows regional blocs access to a collaborative exchange of advancements in microfinance and poverty elimination efforts. Although beneficial to glean insight from states employing microfinance initiatives in other areas of the world, Ethiopia argues that it may be more beneficial to enlist aid from regional partners who often share similar economic and social challenges. Ethiopia therefore proposes a framework called the **Accessible Rural Development Framework (ARDF)** with the purpose of creating microfinance and developing councils in each region of the world to improve methods of distribution of loans and rural development technologies. We propose six regional councils that come together in the form of an annual summit, to be hosted by a different regional council each year, to coordinate development technologies and successful strategies on a more localized and focused scale. Ethiopia anticipates that a link between regional and international cooperation will lead to a more rounded plan of action for development in rural communities. Ethiopia looks forward to a future where we can not only congratulate ourselves on the steps already taken in increasing rural development, but can say we eradicated poverty and suffering in areas of underdevelopment so that we now live in a world where the standard of the global community is human prosperity first.

II. South-South Cooperation: Enhancing Initiatives in Aid Effectiveness

The Federal Democratic Republic of Ethiopia has long been committed to the stability and sustainability of the African Horn Region. The main function of South-South Cooperation (SSC) is to create a triangular cooperation mechanism that improves technology, aid, and sustainability through multilateral organizations and individual governments to improve development. While the SSC dates back to 1949, The past decade has seen a stagnation of progress in SSC initiatives. Ethiopia understands the importance of strengthening initiatives through SSC to increase not only aid effectiveness, but sustainable development strategies. In recent years, Ethiopia has stabilized the African Horn by creating stronger ties with neighbors such as Djibouti and Sudan, as well as sponsoring many United Nations Peacekeeping and Aid operations to other neighboring Member States, including Somalia and South Sudan.

Nationally, Ethiopia has been working diligently for the last five years on our Grand Renaissance Dam as part of our Growth and Transformation Plan (GTP-II) and our Climate Resilient Green Economy Strategy (CRGE), both of which target to increase economic growth by 11% annually over the next ten years, effectively make Ethiopia carbon neutral by the end of 2016, reduce dependency on the agricultural sector, diversify the economy, and shift Ethiopia to more sustainable methods of production. The Grand Renaissance Dam project, when finished, will also produce over 15,000 GWh per year. As part of its Nation Vision 2025 plan, Ethiopia is taking major strides to reducing food insecurity, poverty, and regional conflicts. In the past, Ethiopia has displayed successful livelihood initiatives through plans such as, but not limited to, its Capacity Development in Plant Sciences, which has invested in drought resistant crops and increasing capacity, Community Statutes on Sustainable Rural Development to reduce discrepancies between land usage in communities, and its plan on Agrobiodiversity which focuses on coping with differing weather patterns, eroding soils, and improve strategies in local farms to conserve land while also expanding the sustainable use of crops.

Other **regional** initiatives Ethiopia has undertaken to increase sustainability include, but are not limited to, the Ethiopia-Kenya partnership with the Intergovernmental Authority on Development to increase infrastructure and trade, and to improve the quality of life through cross-border cooperation. Ethiopia is also a part of a collaborative effort made between the African Union Commission (AUC), the United Nations Department of Economic and Social Affairs (UNDESA), and the African Development Bank (AfDB) to promote the High-level Political Forum (HLPF) which was created to provide political leadership and guidance for sustainable development, mainstream inequality issues that impede development, and integrate and mainstream economic, social, and environmental development in Africa to support the Sustainable Development Goals (SDGs). Ethiopia also is a collaborating country with Kenya, Uganda, Tanzania, and other Member States on SSC projects such as the Drought Tolerant Maize for Africa (DTMA) and the Eastern Africa Agricultural Productivity Project (EEAP).

On an **international** level, Ethiopia has been lauded as the model for what South-South cooperation should look like because of its relations with China. China and Ethiopia started the Comprehensive Cooperative Partnership in 2003, and since then have increased bilateral trade thirteen times over and fostered an Africa-wide partnership in the Forum on China-Africa Cooperation (FOCAC). Ethiopia also participates in the Managing Environmental Resources to Enable Transition (MERET) Project in conjunction with the World Food Programme, and Innovations in Public Employment Programmes with Member States, such as India and South Africa, to mobilize public employment programs that increase development capacity while focusing on the particularities of individual countries.

At this conference, Ethiopia is committed to creating a specific United Nations mandate regarding SSC initiatives. As some of the main functions of SSC are to promote and expand sustainable development through technology, information, and aid, this mandate will encompass the five core goals of creating a Collaborative Accountable Unified Sustainable Effective distribution mechanism. We hope to create a cooperation forum between European and African States that follows the same path as the China-Africa Cooperation. By increasing these relations on a multi-lateral scale, the **C.A.U.S.E.** distribution mechanism will stimulate development and infrastructure programs in Africa, the most underdeveloped and vital region in the international system. **C.A.U.S.E.** will start by matching Member States with specific sustainable goals and technologies to improve such technologies in the lesser developed state and increase information and technology sharing in an effort to shift from aid distribution to development strategies. Second, these member states will submit reports on progress made in sustainability to the UNDP so that successful methods can be employed in other key areas. Third, **C.A.U.S.E.** will unify programs already in place such as, but not limited to, the HLPF in Africa and the India Brazil and South Africa (IBSA) Facility to alleviate hunger and poverty. **C.A.U.S.E.** will continue to further encourage grassroots organizations to help facilitate multilateral organizations to ease information links and increase efficiency and effective distribution of continued aid efforts. Finally, **C.A.U.S.E.** will support further cooperation between other United Nation initiatives such as the Humanitarian Program Cycle (HPC) and the Country-Based Pooled Funds (CBPF) to continue to mobilize resources and collectively respond to aid emergencies.