

Contract Section 3

Terms of Reference for PO 7245 - ETHIOPIA INVESTMENT ADVISORY FACILITY (EIAF)

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Context and rationale

1. Ethiopia's economy has rapidly transformed since 2004, driven by growth in the agriculture and services sectors; however it still remains one of the poorest countries in the world. Despite impressive growth and poverty reduction, Ethiopia has witnessed disappointing progress in structural change and export performance, which risks the sustainability of the current growth path.
2. The Government of Ethiopia has actively pursued a 'development state' model with a strong pro-growth and pro-poor focus and a highly interventionist industrial policy. A major pillar of the Government of Ethiopia's growth strategy has been a massive public investment programme, often implemented by large State Owned Enterprises (SoEs).
3. Within the government's public investment programme the areas of i) trade logistics, ii) energy, and iii) urban development are critical to supporting Ethiopia's transition to a more export orientated and manufacturing led growth path. However, limited capacity within the GoE can sometimes mean the effectiveness and efficiency of public investment in these sectors, and more broadly, is not maximised.
4. By providing technical assistance to the Government of Ethiopia the UK aims to improve the returns to public investment. By focusing support on areas that have been identified as critical to supporting growth, this can contribute to outward orientated, manufacturing-led inclusive growth in Ethiopia.

Objective

5. These terms of reference are for a technical assistance facility: The Ethiopian Investment Advisory Facility (EIAF). Through EIAF, consultancy services will be made available to government ministries and agencies who are involved in planning and implementing public investment activities. The technical assistance provided will be flexible and based on demand from government; specific requests for technical assistance will be considered once the facility is operational.
6. The technical assistance provided will focus on three key sectors critical to Ethiopia's growth plans: energy, trade logistics and urban development. There will also be a fourth pillar focused on cross-cutting issues relevant to these three sectors and capital expenditure more broadly, to help strengthen all aspects of public investment spending. The technical assistance provided will range from specific pieces of technical advice, to longer-term capacity building within government institutions or training on specific technical issues or techniques.
7. The overall objective of the Ethiopia Investment Advisory Facility (EIAF) is to "strengthen the effectiveness of growth-enhancing public investment in Ethiopia". This will be achieved through improving capacity of the Ethiopian public sector to plan, appraise, finance and

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implement public investment projects, as well as the provision of high quality technical inputs which can be used for decision-making.

8. The specific results that will be achieved within each sector will depend on the type of assistance that is requested by government. This will evolve as the programme matures and as the GoE's second Growth and Transformation Plan (GTP2) is finalised. Our initial expectation of how the programme will contribute to each of the focus sectors is as follows (see project logframe for more detail):

- A reduction in the number of firms who cite electricity as a constraint to doing business;
- An improvement in the overall trade logistics system (as measured by the logistics performance index); and
- More efficient cities.

9. The provision of high quality, relevant and adaptive technical assistance will be key to delivering this objective for DFID.

Recipient and beneficiaries

10. The direct recipients of the technical assistance provided by the facility will be Government of Ethiopia ministries and institutions. Due to the demand led nature of the facility it is not possible to say with certainty which ministries and agencies these will be but the cross sectoral nature of many of the challenges suggests a broad set of counterparts. The focus sectors suggest at the very least this will include: the Ministry of Finance and Economic Development; the Ministry of Water and Energy; the Ministry of Urban Development and Housing; and the Ministry of Transport. Federal, regional and local government institutions will be eligible for support, as will state-owned enterprises.

11. The beneficiaries of the programme will be broader than the direct recipients of project financed support. The high-level impact that this programme will contribute to is outward-orientated, manufacturing led growth in Ethiopia. We therefore expect that there will be longer-term, indirect benefits to Ethiopian citizens e.g. through job creation or improved living conditions in cities. As the programme matures we will seek to monitor the impact that programme activities are having on the poor.

Scope of Work

12. Through the facility, technical assistance will be provided on a responsive and demand-driven basis to Government of Ethiopia institutions. The technical assistance provided must be relevant to the overall objective of the programme i.e. strengthened effectiveness of growth-enhancing public investment in Ethiopia. This could be under one of the focus sectors (energy, urban development and trade logistics) or the fourth, cross-cutting pillar on better public investment management. Examples of cross-cutting issues might include assisting central enabling institutions (e.g. the Ministry of Finance and Economic Cooperation) to better appraise, select, finance, implement and evaluate the public investment priorities of the GoE.

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13. As well as being responsible for the management and delivery of the technical assistance, the supplier will also be responsible for building relationships with relevant stakeholders in government and elsewhere to gain a deep understanding of the sectors and the areas in need of support. This will require an ability to learn and to capture lessons picked up through implementation and to be creative and opportunistic in how these lessons are used to improve the effectiveness of project outputs and for wider dissemination.

14. The demand led and responsive nature of the project means that the balance between the work under different sectors is difficult to predict. It may be possible that there is little demand in one or more and that conversely there may be strong demand in others and balance of activities will respond to this. EIAF is also seen as a stepping stone for a potentially broader and deeper engagement in the government of Ethiopia's public investment programme. During the life of this contract there is potential to expand the project by an amount no larger than £15 million (see paragraph 38), subject to DFID ministerial approval. The scope of the project would remain in line with the project outcome i.e. to 'strengthen the effectiveness of growth-enhancing public investment in Ethiopia'; however it is possible that the focus could be broadened based on Government demand.

15. The supplier's contract is one component of a broader DFID programme, which comprises two additional components. There will be a contract with a Technical Review and Monitoring Panel (TRAMP) responsible for providing external challenge and scrutiny to the work of the facility and for its monitoring and evaluation, and a small facility of between £3m-£5m through which DFID will finance complimentary activities under the overall EIAF project objective. The programme as a whole will be governed by a Steering Committee which will comprise representatives from DFID and the Government of Ethiopia (likely to be the Ministry of Finance and Economic Cooperation and the Prime Minister's Office). The SC will meet formally once a year to discuss the annual review and the overall direction of the programme. More regular, informal dialogue will take place between DFID and members of the SC.

The Requirements

16. The supplier will establish and manage a flexible, demand-led technical assistance facility that delivers the full requirements set out in this ToR. The facility will deliver technical assistance to Government of Ethiopia clients in the areas identified in paragraph 6. Awareness of political economy issues (such a good understanding of the policymaking process) and a sound approach to risk management will also be important features of a successful facility.

17. The supplier will be expected to establish a physical office in Addis Ababa from where the administration of the facility will be managed. This will allow continuous engagement between the supplier and stakeholders and act as a base for EIAF implemented activities in Government of Ethiopia institutions.

18. The supplier will work closely with DFID, the Government of Ethiopia and other donors to develop a contextual understanding of the relevant sectors. One of the first outputs under the inception phase will be a mapping of the sectors to gauge where demand is likely to come from and where other donors are already providing assistance. This will be an input to the inception report (full requirements of the inception report are detailed in para 41)

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19. The supplier will be responsible for maintaining a roster of experts covering the entire scope of the programme that can be called upon to deliver technical assistance on a demand driven basis. Part of the facility's comparative advantage amongst other donor programmes will be speed and responsiveness. We expect that the supplier will be able to supply the majority of technical assistance directly, however it is likely that whilst under implementation that requests will be made of the facility that the supplier will be unable to meet. It is critical that the supplier has in place cost effective approaches for sourcing and sub-contracting external expertise and services to meet these requests when they occur.

Screening and Approval

20. As the facility will operate on a demand-driven basis, requests for support should originate from Government. Formal written requests from GoE counterparts will be encouraged, but the supplier will be expected to help develop these proposals through activities such as developing sub-project proposals, in partnership with counterparts.

21. The supplier will undertake an initial screening of all applications for assistance to verify that the request is clearly defined and within the overall scope of the programme and that the level of risk is acceptable. Criteria for assessing the relevance and feasibility of proposed projects will be agreed between DFID and the supplier during the inception phase.

22. An independent assessment of the potential environmental and social risks in the energy, urban and trade logistics sectors will be commissioned separately by DFID and will be shared with the facility once a supplier is in place. This will be used to: (a) exclude certain high-risk activities from the programme scope; and, (b) create a framework for screening requests for support from the GoE during programme operation.¹

23. Building on this assessment a risk-screening will be applied to requests for support received by the facility. This process will be informed by the independent assessment but will also incorporate DFID's risk appetite for engaging on particular activities. The screening of activities will be carried out by the supplier, but DFID will quality assure and oversee this work. The supplier should rate each new proposal red, amber or green according to pre-defined risk rating criteria which will be endorsed through DFID's routine fortnightly review of the project pipeline. The risk rating for each new proposal will be kept confidential by DFID and the supplier and will not be shared with third parties. This includes the GoE and other key stakeholders but excludes the Technical Review and Monitoring Panel (TRAMP).

24. These ratings will allow a triage of potential funding proposals where: red would be rejected unless there is a very strong case for further investigation to see whether risks could be mitigated; green would proceed to design subject to one further check at full project design; and amber would proceed subject to further work to develop risk prevention and mitigation measures. Projects rated either amber, or red that had been amended and resubmitted, will require approval by the DFID Ethiopia Head of Office before proceeding.

¹ A major element of this work will be an analysis of the GoE's policies on and track record in using social and environmental safeguards.

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25. The supplier will be required to submit a Pipeline Oversight Document (POD) to DFID twice per month as the basis for management discussions on existing and potential areas of funding. DFID will give a formal sign off of the POD twice a month but more frequent ad hoc approvals for individual sub projects are also expected to routinely take place. The format for the POD will be agreed between the supplier and DFID under the inception phase but it will include a summary both of all upcoming activities and of progress on activities under implementation. A level and approach for delegated authority to the supplier will be agreed between DFID and the supplier the during inception period.

Provision of Services

26. The supplier will provide both Facility administration (including finance and logistics) and technical experts that deliver assistance. The supplier will be afforded flexibility in the structure and composition of the core project teamIt is envisaged that the core project team will include:

- A Project Leader with proven leadership experience, technical expertise as well as capabilities in convening and building trust with partners.
- A project administration team with skills to manage experts and assignments, manage and forecast project expenditure, and monitor and communicate results being delivered by the project.
- Coordinators for each aspect of delivery with a combination of technical and project administration skills.

This structure is purely illustrative and DFID would strongly welcome other structures that enable the supplier to effectively deliver the project outputs. The structure may also evolve with the programme, responding to need; the need for flexibility should be considered.

27. The supplier (including any consortium partners) will provide a pool of technical experts, with proven experience in building capacity and capability in their areas of expertise. The supplier should also be able to demonstrate how it can contribute to building capable local expertise to enable greater use of local consultants in the longer term. Embedded and long term advisors are expected to be a significant component of project activities; the supplier should be able to demonstrate cost effective arrangements for provision of these services.

28. Risk management will be an important part of the management of the facility. The supplier will ensure appropriate political economy, environmental, social and conflict sensitivity analysis is undertaken to ensure the long term sustainability and effectiveness of all the sub-projects supported.

Monitoring, lesson learning and evidence

29. Learning is an important feature of EIAF as the success of the facility approach is based on flexible, adaptive programming with “real time” feedback. The role of the programme management unit will include capturing lessons from within and across sectors, and using them to build data and evidence. This will facilitate a deeper understanding of areas of focus and the broader environment and hence improve the quality of future support.

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30. There will be an independent Technical Review and Monitoring Panel (TRAMP), as described in paragraph 33, however data collection, monitoring and reporting of results from sub-projects is the responsibility of the supplier. This should feed into the programme logframe, which is DFID's principle monitoring tool. The logframe is expected to evolve over the three phases of the overall project:

- a. Under the start-up phase a draft logframe will be used, which will have a focus on process indicators and outputs. Tentative outcome indicators and targets have been set by DFID Ethiopia but these may be revised to reflect targets within GTP 2 once it is published. At this stage the logframe offers a clear hierarchy of indicators linked to a Theory of Change, but due to the demand led nature of the project the outcome level indicators are indicative and aspirational. In subsequent phases mezzanine/intermediate indicators may be used between the output-outcome levels and outcome-impact levels. These will be developed jointly by DFID, the supplier and the TRAMP.
- b. For the early implementation phase outcome indicators and targets are expected to be relatively stable but output targets will remain flexible reflecting the demand-led nature of the facility. Individual activities will have their own rating system and the principle output indicators will be an aggregation of these scores. The scoring system will be agreed between DFID and the supplier during the inception phase. Proposals for how this scoring system could work should be included in bids.
- c. Under the second phase of implementation the logframe may be more significantly updated following the recommendations of the MTR. Two potential major changes may be made at this point. First, it is possible that GTP2 targets may not prove to be effective measures of success and may need to be revised.² Secondly, it is possible the project may be close to fully committed by this point, in which case output level indicators could be made more specific than had previously been the case. This increased specificity should allow improved attribution on poverty and gender issues and as a result allow for the beginning of beneficiary monitoring.

31. The supplier should have a system to routinely monitor and report results of EIAF activities. These should consider how results can be demonstrated in the meaningful way, while also being able to feed into an aggregate picture for the purpose of reporting within the logframe structure.

Constraints and dependencies

32. There will be two other, smaller components linked to the facility that fall under the same DFID programme:

- The Technical Review and Monitoring Panel (TRAMP): This will be responsible for providing external challenge and scrutiny to the work of the facility and for its

² Targets under the first GTP were sometimes aspirational and didn't all end up reflecting primary priorities of policymakers.

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monitoring and evaluation. The TRAMP will produce two reports per year for DFID: one light-touch and one which will be a substantial input into DFID's annual review process. The TRAMP will also be responsible for producing the mid-term review and a final independent review. It will consist of both technical experts in relevant sectors as well as an M&E specialist. The TRAMP will also be contracted through an international procurement process. The supplier will work in close collaboration with the TRAMP and DFID may disclose to the TRAMP any deliverables or work product that the supplier has produced for DFID. The TRAMP will not, however, have access to confidential or commercially sensitive data or intellectual property of the supplier and DFID will not disclose this to the TRAMP without the supplier's prior agreement.

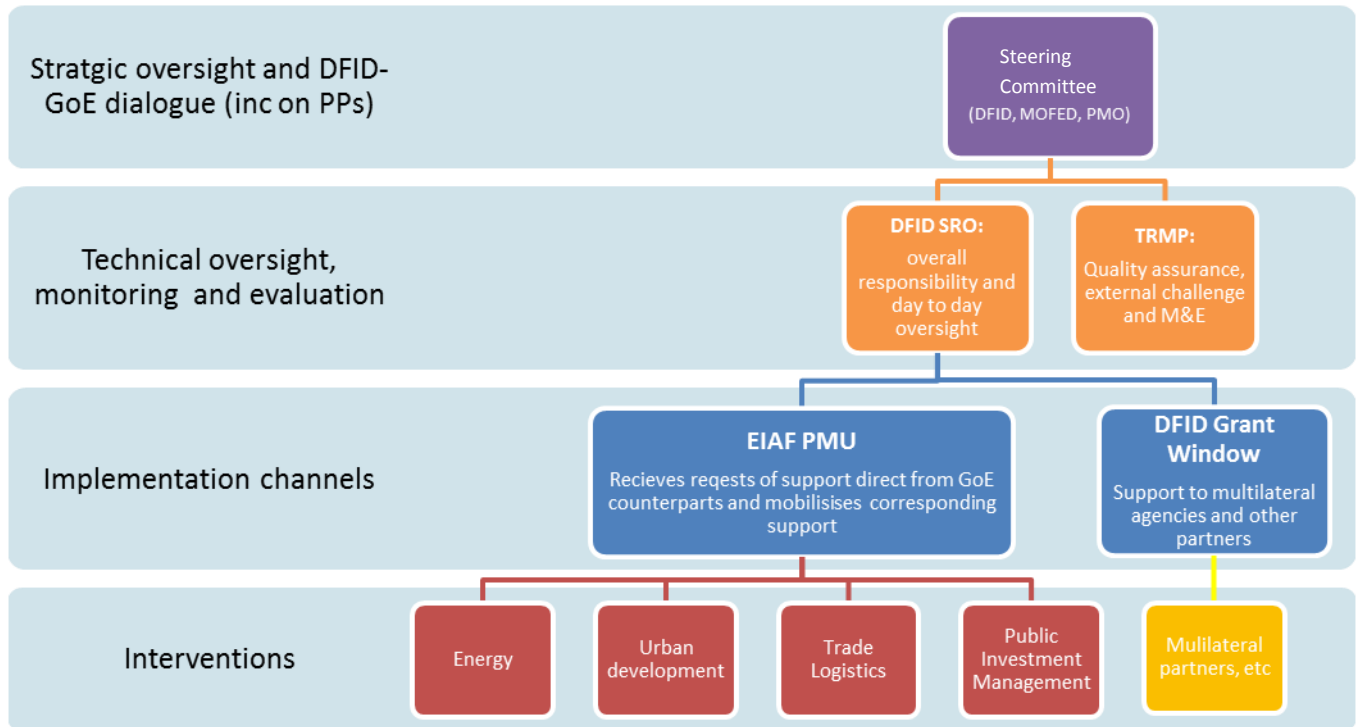
- DFID will directly manage a small fund for activities that will be complementary to the work of the facility. This is designed primarily to be channelled through multi-lateral and other partners but could also be used to contribute to relevant centrally-managed programmes or procure technical assistance before the facility is up and running.

33. Close coordination with other areas of funding and the TRAMP will be important for realising project objectives. The procurement of a service provider for the TRAMP will be carried out in parallel to the core EIAF contract but it would be inappropriate for a single provider to play both roles. As such, the award for the core contract will be awarded first and should the successful provider be bidding for both they would automatically be withdrawn from the TRAMP tender.

34. A Steering Committee (SC) will provide a forum for DFID-GoE dialogue on the strategic direction of the programme, policy issues relating to public investment in Ethiopia and to provide a means of transparency on financial issues and project activities for senior GoE policymakers. The SC will comprise a DFID representative and representatives from the Ministry of Finance and Economic Cooperation (MOFEC) and the Prime Minister's Office (PMO). The SC will meet formally once a year to discuss the annual review and the project's overall direction. The frequency of these meetings should be reviewed by DFID after one year of implementation.

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Figure 1: Governance and reporting structure of EIAF



Budget and Timeframe

DFID has approval for a technical assistance facility up to a total value of £30 million, inclusive applicable taxes. Note DFID programmes are not automatically tax exempt and therefore suppliers will be liable to pay tax in Ethiopia.

35. The contract will be for a total of five years, including the inception phase. It will be split into three phases:

- i. Inception Phase, expected to be no more than four months, during which the supplier will establish themselves in Ethiopia, initiate relationships, and deliver a set of analytical products including sector mappings and an inception report (full reporting requirements set out in paragraph 39). The supplier should also begin delivery of some advisory and capacity building activities.³
- ii. First phase of implementation, lasting a further 2 years, would focus on providing high quality inputs that support delivery of the public investment programme under the GoE's second GTP. The mid-term review will take place at the end of this phase.

³ For example in cases where there has already been a clear demand from Government to DFID. See Annex B for a list of potential activities.

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- iii. Second phase of implementation will follow the Mid-Term Review (MTR), which may include greater use of performance linked incentive payments. A decision on an increased use of output or performance linked incentives within the contract will be informed by experience under the first phase and the recommendations of the MTR. If the programme is performing well at that stage, and if demand is strong enough in one or more of the focal sectors, DFID Ethiopia would at that point consider scaling up the programme further.

36. Value for money of the facility will be monitored throughout the life of the programme. The supplier will have a policy on/approach to value for money and will monitor and report on this throughout the life of the programme. Value for money indicators will be agreed between DFID and the supplier and finalised during the inception phase.

37. DFID reserves the right to scale back or discontinue this programme at any point (in line with our Terms and Conditions) if it is not achieving the results anticipated. Conversely, we may also scale up the programme should it prove to be having a strong impact and has the potential to yield better results. In such event that DFID take the decision to increase the scale of the programme during the core 5 year term, the increase will be up to an additional £15 million over and above the £30 million budget.

38. The Mid-Term Review point is also an opportunity to consider extending the length and value of the contract to deliver additional high level outputs that are underpinned by the same sub-outputs detailed in this terms of reference. Any such extension would be mutually agreed by DFID and the Supplier. The contract will include options to extend for up to a further 2 years. Such an extension would be envisaged to include an increase in scale/contract value of £20 million.

Payment and Reporting

39. The supplier will deliver an inception report by the end of the fourth month of the Inception phase. This will include:

- brief scoping studies of the state of play and future priorities under the four pillars (three sectors plus cross-cutting)
- description of what others donors are doing under the project scope;
- assessment of appetite within government for support under each pillar;
- a proposed approach to lesson-learning/evidence-building within the facility
- a proposed approach to routine monitoring and results reporting
- detailed proposals for risk management and reporting under implementation (to be agreed in close consultation with DFID during inception period)
- a proposed set of Key Performance Indicators against which ongoing performance will be measured and payments made

40. The supplier will deliver quarterly progress and finance reports. These are short documents which describes key achievements and assistance delivered over the preceding

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quarter, the financial information linked to this and a summary workplan of the quarter ahead. The workplan will be based on the PODs, which will be routinely (twice monthly) signed-off by DFID.

41. In addition to quarterly reports, the supplier will also be expected to deliver annual reports. These will include progress to date against sub project KPIs and logframe indicators, emerging risks and opportunities, statements of expenditure and reporting against agreed value for money indicators.

42. An approach for payments in phase two will be agreed between the DFID and the supplier, based on the findings of the MTR. DFID reserves the right to increase or change the performance-based pay element of the contract in the second phase, based on an assessment of efficacy and feasibility in the midterm review.

Contract Management

43. The supplier will report to the DFID Ethiopia Senior Responsible Officer (SRO), and will have regular engagement with other relevant advisers and programme management staff from DFID Ethiopia. The supplier must appoint a senior representative with whom any contract management issues may be escalated.

44. DFID and the supplier will agree Key Performance Indicators in order to manage contract

INDICATOR 1 - QUALITY & DELIVERY	1a) Quality of deliverables and alignment of project outputs to project need
	1b) Timeliness of milestone delivery
	1c) Quality and timeliness of reporting (including financial reporting)
	1d) Appropriate and effective identification and management of risks
INDICATOR 2 - FINANCIAL MANAGEMENT & FORECASTING	2a) Robust cost control in line with contract
	2b) Accurate and timely submission of forecasting and invoices
INDICATOR 3 - PERSONNEL	3a) Performance of team leader (including managing staffing levels, staff performance and sub contractors)
	3b) Performance of team and appropriate level of expertise / skill level of personnel allocated to project
	3c) Key resources proposed at contract award still appropriately allocated to project or have been replaced by an acceptable equivalent
	3d) Ability to problem solve and address issues with appropriate escalation channels
INDICATOR 4 - CLIENT RELATIONSHIP MANAGEMENT	4a) Extent to which supplier is responsive and flexible to client and stakeholder needs and seeks to align with DFID priorities
	4b) Regularity of communication with DFID and delivery of agreed action points
	4c) Project Team provide a courteous, client-centred and professional service and demonstrates willingness to improve partnership with DFID and project stakeholders
INDICATOR 5 - CONTINUOUS IMPROVEMENT & INNOVATION	5a) Provider has sought to improve on the last reporting period's performance
	5b) Supplier proactively promotes innovation in programme
	5c) Ability to maximise value for money for DFID including flexibility to scale up or down quickly as appropriate
	5d) Actively capturing and sharing lessons learnt
INDICATOR 6 - CORPORATE SOCIAL RESPONSIBILITY	6a) Supplier proactively implementing its environmental / corporate social responsibility policy at programme level in order to minimise its impact on the environment
	6b) Supplier actively seeking opportunities to employ local contractors and/or utilise SMEs used within the supply chain to deliver the programme

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performance. DFID and the supplier will agree Key Performance Indicators in order to manage supplier performance. It is expected that the successful supplier will be able to align to and report against the following Key Performance Indicators:

45. The above KPIs are against supplier performance. In reference to contract section 4, paragraphs 12 and 13, it is expected that further KPIs will be developed by the supplier and DFID through the Inception phase which are aligned to 'programme' performance.

Duty of Care

46. The supplier is responsible for the safety and well-being of their personnel and third parties affected by their activities under this contract, including appropriate security arrangements. They will also be responsible for the provision of suitable security arrangements for their domestic and business property.

47. DFID will share available information with the supplier on security status and developments in-country where appropriate. DFID will provide a copy of the DFID visitor notes (and a further copy each time these are updated), which the supplier may use to brief their personnel on arrival. A named person from the contracted organisation will be responsible for being in contact with DFID to ensure information updates are obtained. There should be a process of regular updates so that information can be passed on (if necessary). This named individual should be responsible for monitoring the situation in conjunction with DFID.

48. Travel advice is also available on the FCO website and the supplier must ensure it (and its personnel) are aware of this. The supplier is responsible for ensuring appropriate safety and security briefings for all of its personnel working under this contract.

49. The supplier is responsible for ensuring that appropriate arrangements, processes and procedures are in place for its personnel, taking into account the environment they will be working in and the level of risk involved in delivery of the contract (such as working in dangerous, fragile and hostile environments etc.). The supplier must ensure its personnel receive the required level of appropriate training prior to deployment.

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Annex 1 – Country Risk Assessment

Location: Ethiopia

Date of assessment: 18th May 2015

Assessing official:

This is a general risk assessment for the whole of Ethiopia. Risk does vary by region and the supplier should take this into account when planning travel. It is envisaged that the majority of the work under the EIAF contract will take place in Addis Ababa or other regional capitals.

Theme	DFID Risk score
OVERALL RATING	Med
FCO travel advice	3
Host nation travel advice	N/A
Transportation	4
Security	3
Civil unrest	3
Violence/crime	3
Espionage	3
Terrorism	4
War	2
Hurricane	2
Earthquake	2
Flood	2
Medical Services	4
Nature of Project/Intervention	3

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1 Very Low risk	2 Low risk	3 Med risk	4 High risk	5 Very High risk
			SIGNIFICANTLY GREATER THAN NORMAL RISK	

Theme	DFID Risk score
OVERALL RATING	Medium
FCO travel advice	There are no travel restrictions to the majority of the country, however the FCO advises against all travel to large parts of the Somali region, border areas, the Danakil desert area and parts of Gambella region. The FCO advises against all but essential travel to Jijiga town and parts of Gambella region.
Host nation travel advice	Not available
Transportation	<p>Driving standards are poor, and traffic accidents are common and sadly often fatal. Visitors should be very careful when travelling by car. Drivers should also be aware that under Ethiopian laws, drivers involved in car accidents can face severe punishments, including custodial sentences and fines.</p> <p>Traffic accidents are a regular occurrence in Ethiopia and Addis Ababa specifically. Driving after dark in rural areas is dangerous: vehicles often have no lights and livestock may be roaming the roads.</p>
Security	The security situation in the country as a whole is rated as moderate, however there are pockets of insecurity. Since September 2014, there have been reports of ethnic conflict between communities in the Gambella region. There is local instability, lawlessness, military activity and a general risk of banditry in the Somali region. There are cross-border tensions in the Tigray and Afar regions. There is banditry in the areas bordering Sudan, South Sudan and Kenya. This is reflected in the FCO travel

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	advice.
Civil unrest	Protests and demonstrations sometimes take place in Addis Ababa and other cities. In the past, some of these have become violent. You should avoid any protests or demonstrations
Violence/crime	<p>Petty theft and mugging is common and on the rise. Take particular care when visiting crowded public places, especially at night. Be aware of the risk of pick-pocketing, and bag and jewellery snatching including from vehicles stopped at traffic lights in Addis Ababa. Incidents involving parked and unattended cars are on the increase. Levels of violent crime are low.</p> <p>There has been violence, inter-tribal clashes and armed attacks in the Gambella region.</p>
Espionage	The threat of espionage is considered to be moderate.
Terrorism	There is a high threat from terrorism. Attacks could be indiscriminate including in places frequented by foreigners. The terrorist group Al-Shabaab, although based in Somalia, poses a threat across the East Africa region. There are credible reports that Al Shabaab plan, and have the capability, to attack targets in Ethiopia, particularly in Addis Ababa, Jijiga and Dolo Ado.
War	The Ethiopia-Eritrea border remains closed. Several security incidents have taken place along the border. The risk of cross-border tensions remains.
Hurricane	No identified risk
Earthquake	No identified risk
Flood	Seasonal and localized floods cause temporary displacements and damages to roads.
Medical Services	There are a number of hospitals in Addis Ababa but only private hospitals offer a reasonable standard of basic care for minor health problems. Elsewhere, medical facilities (including dentistry) are extremely poor.
Nature of	It is envisaged that the project will mainly be operating in Addis



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Project/Intervention	Ababa and regional capitals. Work will be mainly office based and therefore is not deemed to have heightened levels of risk in any area.
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Annex 2 – Examples of project activities where there has already been a clear demand from Government to DFID and that may be expected to get up and running shortly after contract signing

- Support to the Ministry of Transport to strengthen its oversight and regulation of the railways sector. In the first instance this is likely to cover the embedding of two experts into the ministry, initially for a period of 3 months but with an expectation that this may be extended into an expanded and more medium term engagement on the sector.
- Support to assist the implementation of the Government of Ethiopia's trade logistics strategy. This will entail a number of positions covering various specialist skillsets (egg. in the modernisation of cargo hubs, container freight stations, custom bonded clearing facilities, cold chains, etc) and at various levels of experience and seniority. In the first instance a highly experienced technical advisor with a broad range of corridor management experience is sought to act as a counterpart to Ministerial level GoE partners.
- DFID has already made a commitment of up to £5m to support the establishment and activities of a PPP unit in the Ministry of Finance and Economic Development. Support to the Unit would be in close collaboration with the African Development Bank (ADB) and the World Bank (WB) who are also the process of approving and establishing support programmes. It is likely that the ADB's support will focus on establishing the legal and institutional framework for the Unit to operate and the WB on helping develop a pipeline of projects. Flexible resources under EIAF would then be expected to step in and fill gaps, for instance focussing on transaction support as and when projects are developed and negotiated.