

Ethiopian Water Sector

Opportunities for the Dutch Water Sector

Dutch Government asked Aidenvironment to advise on potential Product Market Combinations for the Dutch Water Sector in 12 developing countries, Ethiopia being one of them, and how the Dutch Water Sector can position itself in order to get a better access to the market.

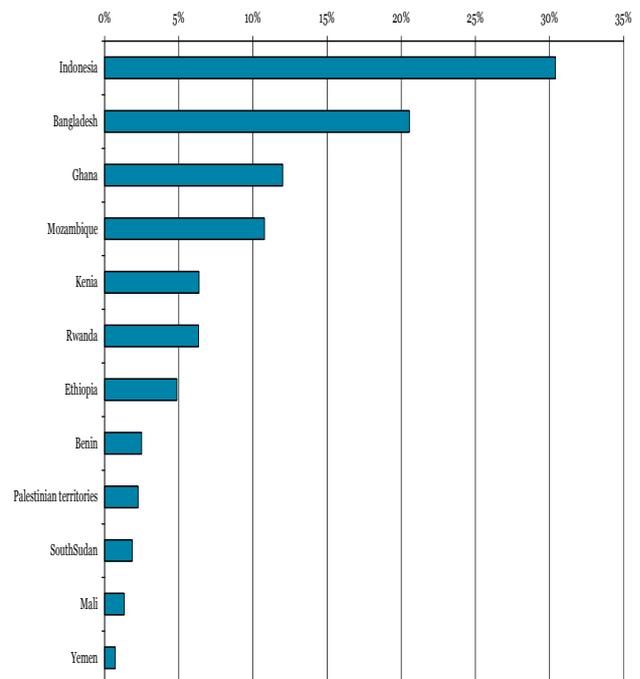
These reports describe the physical ‘water situation’, how the water sector is being organized, the legal and policy framework, trends and entry barriers in a simple way as well. Finance and climate change are special topics in each report. These reports are available on the [aidenvironment](http://aidenvironment.nl) website.

Demand:

Water has been relatively low on the political agenda of the Government of Ethiopia, which has implications for resource allocation to the sector. The major challenge in the water sector lies on sustainable water infrastructure development and sustainable management of water resources. Currently there are many small and large-scale infrastructural development activities for increasing water supply for WASH, agriculture and hydropower. The main challenge in this aspect is failure of physical and institutional infrastructure, which is often related to insufficient assessment of existing water recourse and how to ensure the availability of these water resources on a longer-term. There is often a gap between plans for projects and the actual construction or delivery of these projects. Conflict over water (also trans-boundary) is increasing due to less predictable rainfall patterns, water pollution or contamination and limited access to water sources.

Current interest and activities of Dutch organizations:

There are many Dutch organizations active on water in Ethiopia, although water is not directly included in the current strategy of the Dutch Embassy (EKN). There is a differentiation in NGOs and knowledge institutes, mainly active in the field of WASH in general, versus companies who are focus largely on the agricultural sector in Ethiopia. Most potential is therefore seen in combining these activities through sustainable water resources management for both WASH and agriculture.



Breakdown of Dutch exports in the water sector to the 12 OS-countries, in % of turnover, source: Web survey Panteia, 2014/2015

Potential product market combinations:

Product market combinations are mainly seen in integrated water resources management (IWRM) and water governance as well as in water for irrigation purposes. Given the large need on sustainable WASH services, this will remain important. Through the current organizations active in Ethiopia as well as the embassy program (focusing on food security), synergy and linkages should be sought to combine the currently differentiated efforts from Dutch organizations. Many donors and investors are still focusing on Ethiopia, with a focus on climate change adaptation and private sector development.

Suggestions on positioning strategies for future activities:

In order to have access to local as well as Dutch-oriented opportunities, organizations could work through the existing agricultural private sector platforms of the EKN as well the water boards and other Dutch organizations already active in this field in Ethiopia. Focus should be on strategic linking of current activities on water management and agriculture.

Successes and lessons learnt: examples

Direct relations with key decision makers and providing evidence through existing projects as well as national or international seminars and workshops promote success and its dissemination.

For example, ITC-University of Twente has been supporting universities and government in collecting geographical data, like information on land-use, water resources etc. They work on strengthening local capacity on using and analyzing geo-data. Due to this project, the Ethiopian ambassador has shown interest to continue the collaboration with ITC to boost the agricultural sector in Ethiopia, which relies on better data (management). ITC is working in a G4AW program in Ethiopia. This is also mentioned by VEI that indicates that visibility in the country through existing projects is crucial. The Dutch water boards are successful through their direct relations between people working at the government in these countries through programs through GTG (Government to Government) programs.

Addressing the full range of stakeholders and activities can ensure a more secured market. For example WASTE is working according to the Diamond approach, which involves engaging and setting up local companies and attracting local finance. Through this, they are creating a market in developing countries for the poorest of the poor, by assessing what is already in place (private sector companies, activities) and strengthening their activities through trainings and creating linkages with crucial partners. Next to this, WASTE mobilizes local banks that can financially support these strengthening private sector players.

Facts and figures

Government type:	Federal Republic
Language:	Amharic (official national language) 29.3%, Oromo 33.8%, Somali 6.2%, Tigrigna 5.9% and at least 10 other languages cover the remaining 24,8 %
Population:	96.633.458
Population growth:	2,89%, which ranks 14th globally
Economic growth (GDP growth):	7%, which ranks 24 th globally
Expected growth (growth in % till 2016):	2015: 7,0%, 2016: 6,6%
GDP (PPP):	47,34 billion
GDP (PPP) per capita:	1,300
Unemployment rate (in%):	17,5%
Inflation rate (in %):	8,4%
Forecasts inflation rate (in %):	2015: 5,02, 2020: 6,14
Foreign direct investments (in % of GDP):	2,0
ODA in % of GNI:	7,6
Imports:	10,68 billion
Import partners:	China 13.1%, US 11%, Saudi Arabia 8.4%, India 5.4% (2012)
Doing business index:	132 (out of 189)
WEF Global competitive index:	rank = 118 (out of 144), score = 3,6

Trade and Aid strategies

Aidenvironment advises Water Sector players how to combine goals on Trade and Aid. Our advice strengthens the reputation and license to operate of businesses, opens new windows for finance, and enhances growth while contributing to development goals.

Our team performs market research and advices on effective Public Private Partnerships and engagement strategies, and facilitates organizations in tapping into local networks and finance.

Interested?

Contact Frederik Claasen to find out what we can do for you.

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