

Budget Brief



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Afar Regional State 2007/08 – 2015/16

The purpose of this regional budget briefing note is to analyse the budget and expenditures that are recorded on-budget for the Amhara regional state so that it is easily understood by stakeholders, and to put forth key messages to inform policy and financial decision-making processes. The detailed analysis of the level and composition of public expenditure of selected social service sectors (education, health and nutrition, and water supply) are also presented. Audited financial accounts are presented for the years up to 2013/2014 while preliminary financial accounts have been made available for the 2014/2015 and 2015/2016 fiscal years.

Key Messages

- **Vulnerability to climate change:** Afar is one of Ethiopia's drought prone regions with recurring major shocks and hazards that disrupt the livelihood of the population, over 90 per cent of whom are pastoralists.
- **Regional resource envelope:** The region managed to finance only 17 per cent of its budget from its own regional revenue sources, which is one of the lowest rates in the country. On average, during the period 2007/08 to 2015/16, tax revenue accounted for more than 89 per cent of revenue generated within Afar. The structure of tax revenue in the region is dominated by direct tax, and its contribution to the total tax revenue collected rose from 54.4 per cent in 2007/08 to 63.7 per cent in 2015/16. Most of the regional revenue from direct tax is generated from payroll tax and taxes on rental income and profits of enterprises and individuals. On the other hand, regional revenue collected from non-tax sources, mainly generated from government services fees and charges, contribute less than 3 per cent to the regional budget.
- **Regional expenditure:** Regional spending has increased eight times from ETB 0.4 billion in 2007/08 to about ETB 3.1 billion in 2015/16. In per capita terms, spending has increased from ETB 286 to ETB 1,722 in the respective years. In terms of allocation of expenditure across the broad categories, the largest share of the regional expenditure was allocated to finance economic services (38.2 per cent), followed by general services (31.4 per cent) and finally social services (30.4 per cent) for the last nine years. Close to 57 per cent of the budget was being spent on financing recurrent expenses while the share of capital expenditure in total regional spending has remained at less than 43 per cent.
- **Expenditure aligned to pro-poor sectors:** The regional government has leveraged huge resources to boost spending in pro-poor sectors. In the past nine years, the Afar region has spent on average nearly 59.4 per cent of its budgetary resources on pro-poor sectors, though that it is lower than the national average of 66.4 per cent.
- **Access to education service:** The pastoral/nomadic lifestyle of the Afar people, limited infrastructure development and investment in education, and the absence of a curriculum in the Afar language, have resulted in the region having one of the lowest primary/secondary school enrolment rates in Ethiopia. However, regional spending on education has increased six times from ETB 76 million in 2007/08 to about ETB 460 million in 2015/16, which is about 14.7 per cent of total regional expenditure in 2015/16.
- **Access to health service:** The Afar region has an extremely poor health status compared to other regions in Ethiopia. Child mortality rates in the region are among the highest in Ethiopia. Even though there have been positive developments in reducing the level of malnutrition, the region still has the highest stunting, wasting and underweight rates in the country. Only 11.1 per cent of total regional expenditure went to health care in 2015/16.
- **Access to safe water and improved sanitation remain key challenges in Afar region:** According to the 2011 DHS, about 61 per cent and 93 per cent of households in Afar region did not have access to safe drinking water and improved sanitation facilities, respectively. Regional spending on water supply and sanitation services has fluctuated over the years and amounted to 6.3 per cent of total regional expenditure in 2015/16.

1. Introduction

Socioeconomic Profile

The Afar regional state is situated in the north-eastern part of Ethiopia and is one of the least developed of the country's nine regions. It is also a major pastoralist region in the country. It has an estimated population of about 1.8 million people, making up only 1.9 per cent of the Ethiopian population (Table 1). Apart from a small percentage of the population engaged in commerce or civil service in urban areas, over 90 per cent of the region's population is classified as pastoralists or agro-pastoralists, dependent on animal husbandry for their livelihood. Other income generating activities in the region include crops, cotton and honey production. In recent times, the number of agro-pastoralists has been increasing due to the development of irrigation infrastructures in the region.

Table 1: Socioeconomic profile of Afar Region

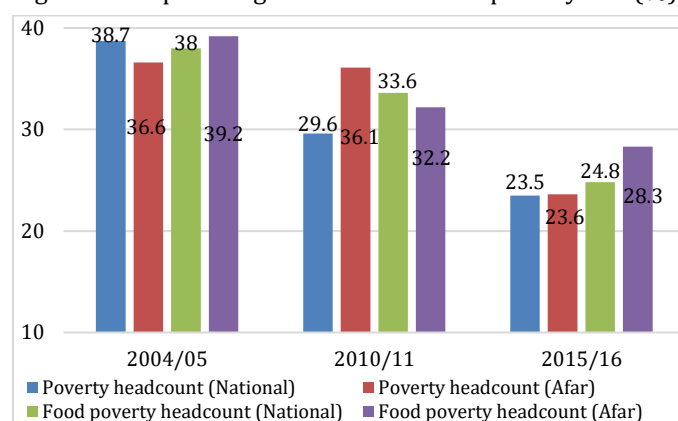
Indicators	National	Afar
Total population, in million (CSA, 2017 projection)	94.1	1.8
Total population under-5 years, in million (CSA, 2017 projection)	13.3	0.23
Population growth rate (Census, 2007), %	2.6	2.2
Total fertility rate (EDHS, 2016), %	4.6	5.5
Coverage of PSNP, rural household (EDMHS, 2014), %	10.8	65.6

Environmental hazards, degradation of natural resources and loss of biodiversity are common challenges in the Afar region. The region is classified as an arid agro-climate zone characterized by very high temperatures, low precipitation and harsh weather conditions. Rainfall patterns are unreliable and perceived to have changed, particularly in terms of timing and duration. As a result, Afar is a drought prone region with the major shocks and hazards associated with the recurrence of drought disrupting the livelihood of the population.

Apart from crop failure and food shortages, the drought often aggravates the vulnerability of household livelihood through the destruction of livestock resources. As a result, there is extensive need for emergency relief. For example, according to the 2014 Ethiopia Mini Demographic and Health Survey (EMDHS), nearly 65.6 per cent of rural households were chronically food deficient and covered by the Productive Safety Net Program (PSNP) in 2014.

Poverty is pervasive in the Afar region and higher than the national average. In 2011, the Afar region had a child poverty rate of 42 per cent.¹ Based on the 2016 Household Income and Consumption Expenditure Survey (HICES), about 23.6 per cent of the population in the region were below the nationally defined poverty line compared to 23.5 per cent for the entire country (Figure 1).² Poverty in the rural areas of Afar is more prevalent (26.5 per cent) than in the urban areas (10.6 per cent). However, the level of poverty in the region has significantly declined from 36.1 per cent in 2010/11 to 23.6 per cent in 2016. The food poverty situation in the region is also critical. The region has the highest percentage of people living in food poverty in Ethiopia, 28.3 per cent in 2016. According to the 2016 EDHS, childhood malnutrition (stunting) in the region is among the highest in the country (41 per cent in Afar compared to 38 per cent in the country).

Figure 1: People living below the national poverty line (%)



Source: National Planning Commission. September 2017. Ethiopia's Progress towards Eradicating Poverty: an Interim Report on 2015/16 Poverty Analysis Study.

¹ CSA, UNICEF and OPM. 2015. Child Well-Being in Ethiopia: Analysis of Child Poverty using the HICES and WMS 2011 Datasets.

²National Planning Commission. September 2017. Ethiopia's Progress towards Eradicating Poverty: an Interim Report on 2015/16 Poverty Analysis Study.

Institutional Context and Budgetary Process

The Afar region is comprised of five zones and 29 *woredas* (district). There are three tiers of governments: regional, *woreda* and *kebele* (community level administration with an average of 500 households), each with their respective legislative, executive and judicial organs. The region has a zonal administration serving as a bridge between the region and *woreda*. It receives non-earmarked block grants from the federal government as a major source of its revenue and this is coupled with the revenue generated internally. The region then allocates block grants to regional sector bureaus, *woredas* and urban administration offices through an evaluation of their budget demand requests by using the grant formula.

Table 2: Timeline for the Afar region annual budget and finance process

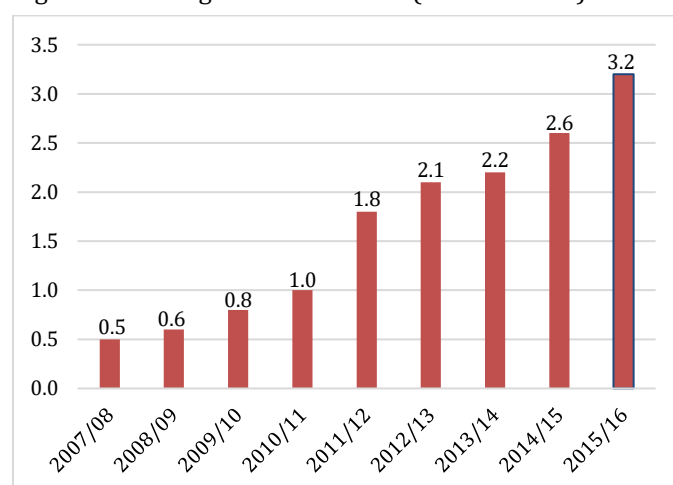
Time-frame	Major activities
Oct - Mar	Annual budget preparation by regional government sector bureaus.
Dec - Jan	Preparation/revision of <i>woreda</i> budget subsidies distribution formula by Bureau of Finance and Economic Development (BoFEC).
Jan	The regional cabinet approves the annual <i>woreda</i> budget subsidies distribution formula.
Jan - Feb	BoFEC makes a call to regional government sector bureaus to submit their annual budget requirement.
Feb	BoFEC announces the estimated amount of subsidies that will be distributed to <i>woredas</i> .
Feb - Mar	Regional government sector bureaus submit their annual budget requirement and requests to BoFEC.
Apr - Jun	Preliminary annual budget preparation.
Jun	Preliminary annual budget approval.
Jun - Jul	The regional parliament approves the draft budget proclamation and approves the annual budget for implementation.
Jul	BoFEC announces the approved annual budget.
Jul - Aug	BoFEC distributes the approved annual budget to regional executive organs.
Starting Aug.	Monitoring and auditing of regional sector bureaus and <i>woreda</i> administration offices.

The fiscal planning process in Afar starts at the sectoral level in consultation with *woreda* and other stakeholders. The draft report is consolidated by the regional Bureau of Finance and Economic Development (BoFEC) and submitted to the regional cabinet. The regional cabinet after discussing the budget with the various stakeholders submits it to the regional council for approval. The same process is undertaken at the *woreda* level.

2. Regional Resource Envelope

The Afar region aggregate resource envelope is comprised of the federal block grant, regional revenue, foreign loans and grants, food security and PSNP transfers from the federal Government, federal ministry support directly to their respective sectors in the region, off-budget resources from local and international NGOs, and community contributions. The region's proclaimed budget is not, however, comprehensive and does not include resources coming in the form of special purpose grants and other transfers. Hence, this budget brief is limited to analysing on-budget finances and leaves out highly significant financial resources channelled to the region through off-budget resources and community contributions. Regarding on-budget financing, the aggregate resource envelope for the region increased from ETB 0.5 billion in 2007/08 to ETB 3.2 billion in 2015/16 (Figure 2), where the largest share was from federal block grants (ETB 2.3 billion).

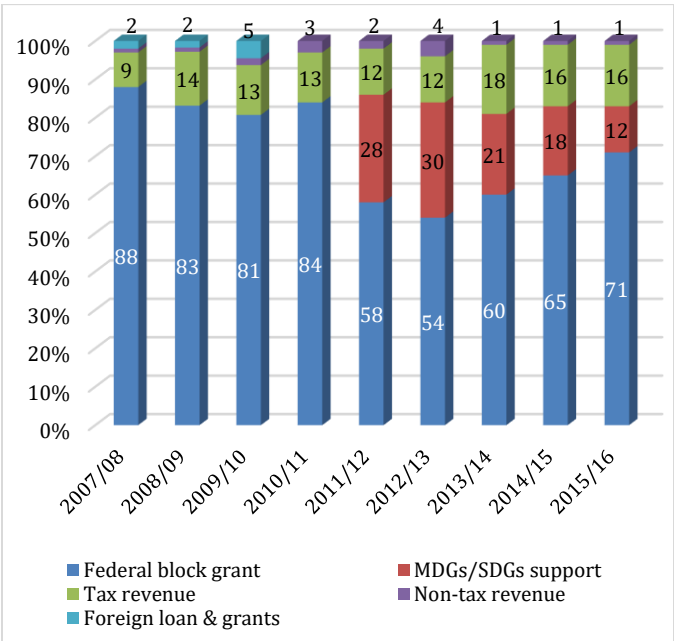
Figure 2: Afar region total revenue (in billion ETB)



Source: Data from MoFEC.

The region’s own revenue in Afar has grown from ETB 53.2 million in 2007/08 to ETB 562.2 million in 2015/16. However, on average during the period 2007/08 to 2015/16, the region managed to finance only 17 per cent of its budget from its own regional sources (of which tax revenue accounted for more than 89 per cent), which is one of the lowest rates in the country. On the other hand, regional revenue collected from non-tax sources, mainly generated from government services fees and charges, contributes less than 3 per cent to the regional budget over the same period. There is also a significant decline in the share of federal transfer to Millennium Development Goals (MDGs) or Sustainable Development Goals (SDGs) implementation support to the region (from 30 per cent in 2012/13 to 12 per cent in 2015/16).

Figure 3: Sources of Afar region budget (per cent of total regional revenue)



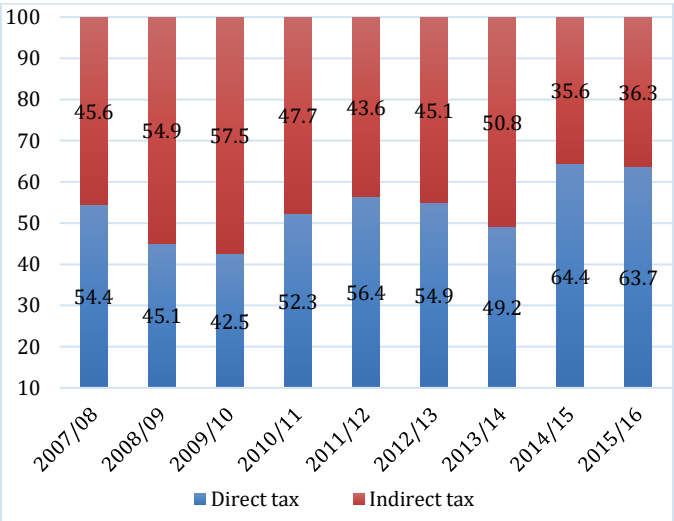
Source: Data from MoFEC.

The structure of tax revenue in Afar region is dominated by direct tax. Its contribution to the total tax revenue collected rose from 54.4 per cent in 2007/08 to 63.7 per cent in 2015/16 (Figure 4). Most of the revenue from direct tax is generated from payroll tax and taxes on rental income and profits of enterprises and individuals.

³According to the regional budget proclamation, economic services/development include agriculture and rural development, natural resources, mining and energy, industry, trade and tourism, transport and

While more than 90 per cent of the regional population depend on agriculture (mainly livestock production), the agriculture sector provides less than 0.07 per cent of tax revenue in the region in 2015/16. Even though the share has been declining over time, indirect tax has becoming an important source of revenue to the Afar regional government. The revenue from indirect tax is mainly collected from value added tax (VAT), and excise tax on locally produced goods and services.

Figure 4: Afar region direct and indirect taxes (per cent of total regional tax revenue)



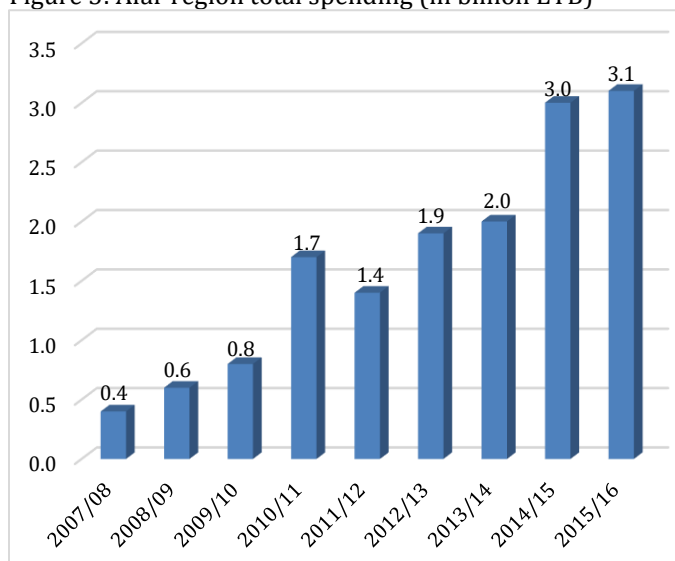
Source: Data from MoFEC.

3. Regional Spending

In nominal terms, Afar’s aggregate regional spending has increased eight times from ETB 0.4 billion in 2007/08 to about ETB 3.1 billion in 2015/16, showing an annual average growth rate of 25.6 per cent (Figure 5). In per capita terms, spending has increased from ETB 286 to ETB 1,722 during that time period. In terms of allocation of expenditure across the broad categories, the largest share of the regional expenditure is allocated to finance economic services (38.2 per cent), followed by administration and general services (31.4 per cent) and finally social services (30.4 per cent) for the last nine years.³

communication, and construction; social services/development include education, health and nutrition, social affairs, sport and culture, and disaster prevention and preparedness; while administration and general

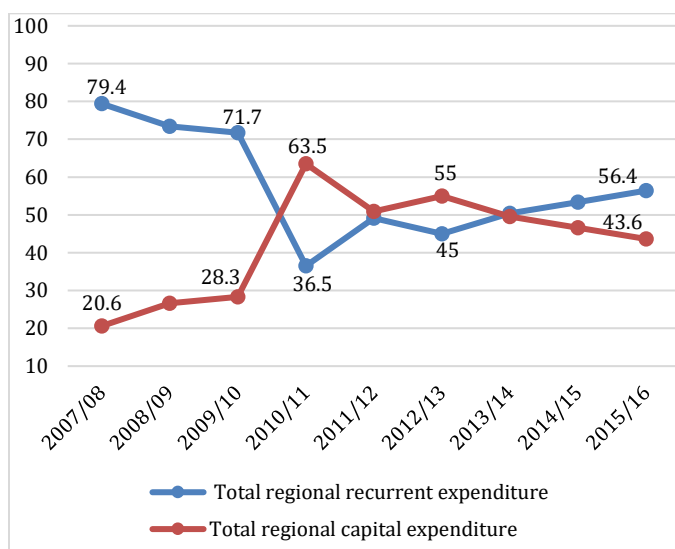
Figure 5: Afar region total spending (in billion ETB)



Source: Data from MoFEC.

In Afar region, most of the resources (close to 57 per cent) are being spent on financing recurrent expenses, primarily wages and salaries. Salaries and wages have consumed around 35 per cent of the regional budget for the last nine years. The share of capital expenditure in total regional spending has remained at less than 43 per cent (Figure 6). Operating expenditure is also very much constrained below 22 per cent at the regional level.

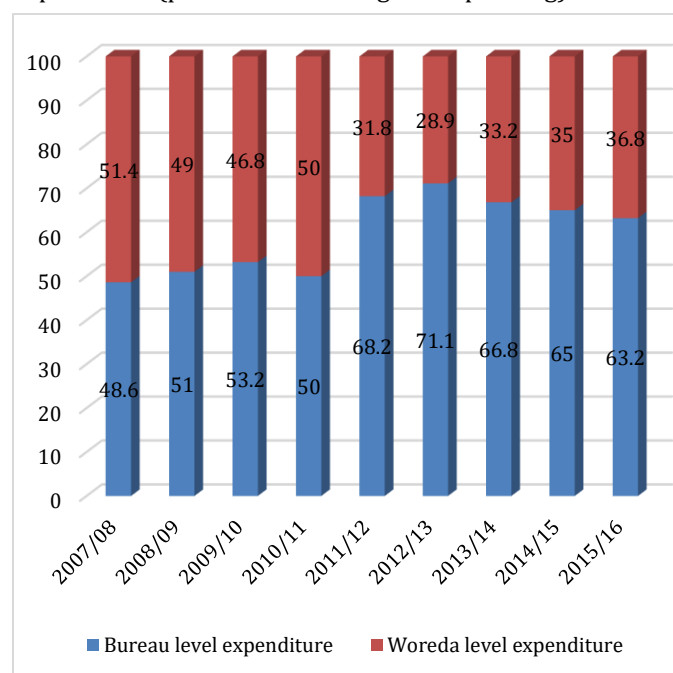
Figure 6: Afar region capital and recurrent expenditure (per cent of total regional expenditure)



Source: Data from MoFEC.

In the Afar region, most of the budgetary resources (close to 60 per cent) are being managed by the regional bureau administration (Figure 7). Beginning 2012/13 fiscal year, devolution of expenditure assignment to *woredas* has continued to deepen in the region, albeit at a modest pace. However, the share of *woreda* expenditure in total regional spending has decreased from 51.4 per cent in 2007/08 to 36.8 per cent in 2015/16.

Figure 7: Afar region *woreda* and regional bureau expenditure (per cent of total regional spending)



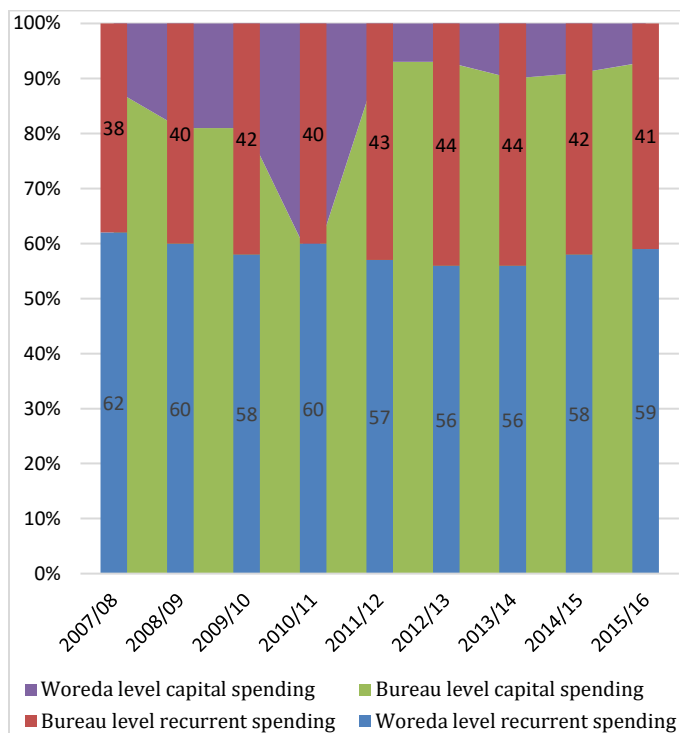
Source: Data from MoFEC.

Compared to the *woreda* administration, the regional bureau is spending a substantial portion of its budgetary resources on capital expenditure to address the infrastructure gap throughout the region (Figure 8). The *woreda* share in total regional capital spending has declined from 44 per cent in 2010/11 to a low of 7 per cent in 2015/16. On the contrary, the bulk of the regional recurrent expenditure is allocated to finance *woreda*-level recurrent spending.

services/development comprise organs of state (regional state council, public order and justice) and general services (civil services, information,

investment office, revenue bureau, and finance and economic development bureau).

Figure 8: Afar region *woreda* and regional bureau capital and recurrent spending (per cent of total regional spending)



Source: Data from MoFEC.

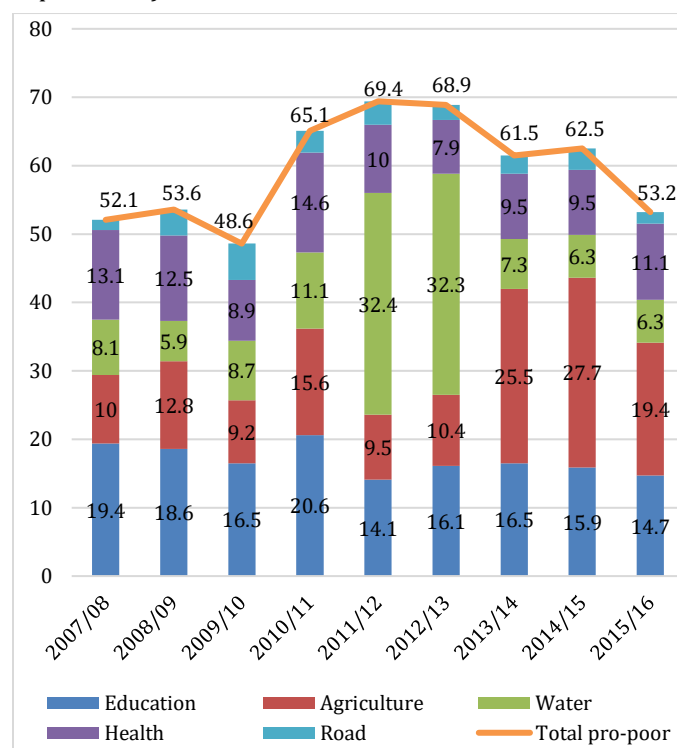
4. Pro-poor Regional Spending

Public expenditure has been essentially aligned to poverty reduction priorities in the Afar region. In this regard, the regional government has leveraged huge resources to boost spending in what it refers to as the main pro-poor sectors, namely education, agriculture and rural development, water, health, and road construction. In the past nine years, the Afar region has spent on average nearly 59.4 per cent of its budgetary resources on pro-poor sectors, which is lower than the national average of 66.4 per cent. Regional expenditure heading to these pro-poor sectors had increased to 69.4 per cent in 2011/12. However, since then the share has consistently declined and reached 53.2 per cent in 2015/16 (Figure 9).

The education sector stands out as the number one priority with average share of 16.9 per cent of the total regional spending over the period 2007/08 to 2015/16. The second area of priority is agriculture and rural development with 15.6

per cent share, and water and health receive 13.2 per cent and 10.8 per cent share in the regional spending over the same period, respectively. The share of road construction of the total regional spending remains insignificant at less than 3 per cent. This disproportional allocation of the budgetary resources to the road sector in the Afar region might negatively affect the interaction and economic linkages that are essential for generating long-term growth; and children's enrolment in school and access to food and basic services.

Figure 9: Afar region pro-poor expenditure (per cent of total expenditure)



Source: Data from MoFEC.

4.1 Education Sector Financing in Afar

Overview of the Education Sector in Afar

Pastoral areas, including the Afar region, have long suffered from neglect with inadequate infrastructure and little provision of basic social services like education. According to the 2006/07 Education Statistics Annual Abstract, 57,537 students were enrolled in primary and secondary schools in 2005/06 in the Afar region. A combination of factors including the primarily

pastoral/nomadic lifestyle of the Afar people, limited infrastructure development, lack of investment in education, lack of trained manpower, and the absence of a curriculum in the Afar language, have led to the region having one of the lowest primary and secondary school enrolment rates in Ethiopia.

In recognition of this, the Government of Ethiopia gave special attention to the development of education in pastoral areas including the Afar region. The third Education Sector Development Plan, ESDP III (2005/06-2010/11) mainstreamed pastoral education as a priority in all sub-sectors of the educational system. Hence, in 2006, the Afar Regional Education Bureau launched the Alternative Basic Education (ABE) programme, designed to accelerate primary school enrolment by making it more accessible and conducive to the special needs and constraints of the pastoralist way of life. It provides flexible school hours and school-year calendar, allowing pastoral children to fulfil their household responsibilities while still finding time for school.

As a result, 213,966 students were enrolled in primary and secondary schools in 2014/15 in the Afar region (General Education Statistics Annual Abstract, 2015/16). Enrolment rates have been rising and have shown improvements in each level of education over time. As can be seen from Table 3, however, the Net Attendance Ratio (NAR) in Afar still appears to be relatively low compared to the national average. Many students in the region drop out of school at early grades for reasons such as child labour for securing livelihoods. The gender gap, particularly at the secondary level was still very wide in 2015/16 (Table 3). Quality of education also remains a challenging issue in the region. According to the 2013 National Learning Assessment Report, 57 per cent of Afar students in grade 4 do not meet the basic reading level and 75 per cent of them perform below the basic level for English language.⁴

Table 3: Selected education outcome indicators

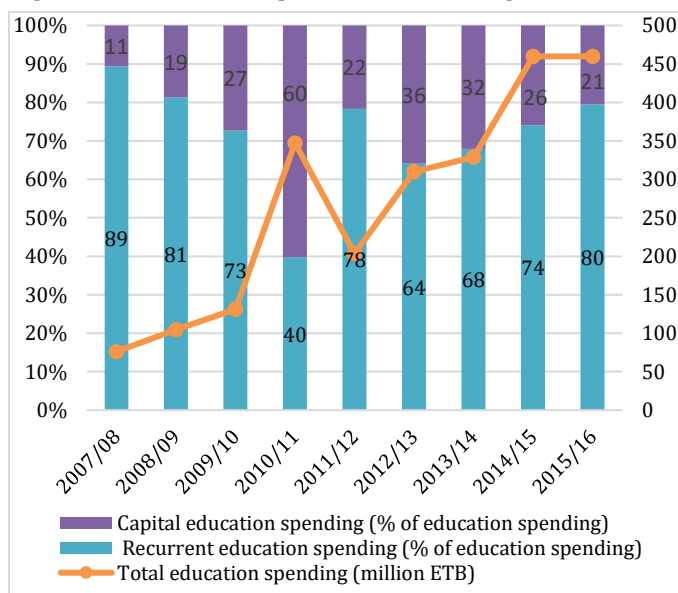
Key indicators	2011	2016
NAR (Primary, G1-8), %		
National	64.5	71.3
Afar region	51.9	61.5
Male	53.3	61.1
Female	50.1	62
NAR (Secondary, G9-12), %		
National	13.7	18.1
Afar region	6.9	14.9
Male	11.7	27
Female	7.9	7.2
GPI (Primary, G1-8), %		
National	1.02	1.01
Afar region	0.94	1.0
GPI (Secondary, G9-12), %		
National	0.95	1.05
Afar region	0.68	0.27
<i>Source: EDHS 2011 and 2016</i>		
Key indicators	2009/10	2015/16
Student-Teacher Ratio (G1-8)		
National	51	46
Afar region	34	44
Student-Section Ratio (G1-8)		
National	57	55
Afar region	41	51
<i>Source: Ethiopia Federal Ministry of Education; Education Statistics Annual Abstract, 2009/10, and General Education Statistics Annual Abstract, 2015/16.</i>		

Education Sector Spending in Afar

Afar's aggregate regional spending on education has increased six-fold from ETB 76 million in 2007/08 to about ETB 460 million in 2015/16, showing an annual average growth rate of 35.5 per cent (Figure 10). Approximately 30 per cent of the regional pro-poor expenditure is for education. Spending in the education sector remained predominantly recurrent (close to 72 per cent between 2007/08 to 2015/16). This implies that the salaries of educational staff and other operating expenses have absorbed most of the Afar region's education spending. Capital expenditure directed to finance schooling infrastructure, on the other hand, accounts for only 28 per cent of total education expenditure in the region.

⁴Ministry of Education (MoE), *Ethiopian 4th National Learning Assessment of Grades 4 and 8 Pupils. Data Analytic Report*, 2013, p. 68.

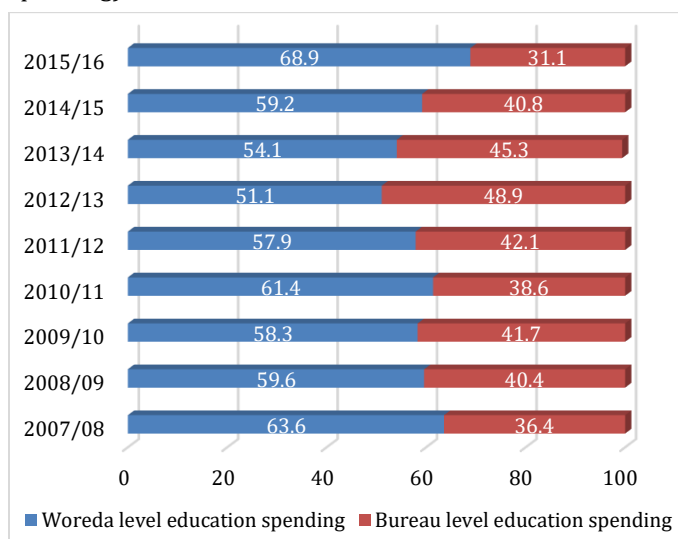
Figure 10: Education expenditure in Afar region



Source: Data from MoFEC.

Over the last nine years, more than 60 per cent of the Afar regional education spending was administered by *woreda* governments (Figure 11). This shows the Afar regional government's effort in promoting universal access to primary education at the grassroots level, and the implementation of targeted interventions to close the existing, gender and urban-rural enrolment differentials to achieve universal primary education across the board by launching mobile schools to reach disadvantaged groups and children living in remote rural areas.

Figure 11: Afar region *woreda* and regional bureau education expenditure (per cent of total regional education spending)



Source: Data from MoFEC.

4.2 Health and Nutrition Sector Financing in Afar

Overview of the Health and Nutrition Sector in Afar

The health status in Afar region is very low compared to other regions in the country. Challenges in the health sector are inextricably linked to the lack of medical facilities and the lack of qualified and trained local personnel. The region is largely exposed to potentially preventable infectious and communicable diseases, as well as nutritional deficiencies. Epidemic-prone diseases such as meningococcal, diarrhoea, malaria, and measles are also prominent health challenges in the region. Nearly one out of 12 children born in Afar region did not survive to celebrate their first birthday in 2016 (Table 4). Under-five mortality is also high: during the same year, one out of every eight children died before reaching their fifth birthday. The Afar region also has a high percentage of children (age 6-59 months) who suffer from anaemia (75 per cent in 2016).

Despite Afar's considerable progress in full immunization coverage (ages 12-23 months), it is still the lowest coverage in Ethiopia (9 per cent in 2011 and 15 per cent in 2016). Even though there has been a positive development in reducing the level of malnutrition in 2016 compared to 2011, the region still has the highest stunting, wasting and underweight rates in the country. Malnutrition in the region is influenced by the challenges in household food security, feeding practices, health care for women and children, access to sanitation and safe water supply, repeated droughts, as well as social norms and traditional practices.

As it is indicated in Table 4 below, the Afar region faces challenges with maternal health. This is due to the fact that the Afar women have scant access and use of health services, particularly those related to mothers' health. For instance, the 2016 DHS shows that no significant reductions in neonatal mortality rates have been made since 2005. The Afar region also has the lowest percentage of women delivering in a health

facility (15 per cent). In addition, the percentage of Afar women receiving skilled assistance during delivery is the lowest in the country (16 per cent). Married Afar women (age 15-49) using modern contraceptive methods is also only at 12 per cent in 2016.

Table 4: Selected health outcome indicators in Afar region

Key indicators		2005	2011	2016
Neonatal mortality rate (per 1,000)	National	39	37	29
	Afar	33	33	38
Infant mortality (per 1,000)	National	77	59	48
	Afar	61	64	81
Under-5 mortality (per 1,000)	National	123	88	67
	Afar	123	127	125
Antenatal care coverage (%)	National	27.6	33.9	62.4
	Afar	15	32.3	51.3
Use of modern contraceptive (%)	National	14	27	35
	Afar	6	9	12
Skilled birth attendance (%)	National	6	10	28
	Afar	5	7	16
Birth occurred in health facility (%)	National	5	10	26
	Afar	-	-	15
Full immunization (12-23 months) (%)	National	20	24	39
	Afar	1	9	15
Prevalence of anaemia in children (%)	National	54	44	57
	Afar	59	75	75
Stunting prevalence (children<5 years, %)	National	47	44	38
	Afar	41	50	41
Wasting prevalence (children<5 years, %)	National	11	10	10
	Afar	10	20	18
Underweight prevalence (children<5 years, %)	National	38	29	24
	Afar	34	40	36

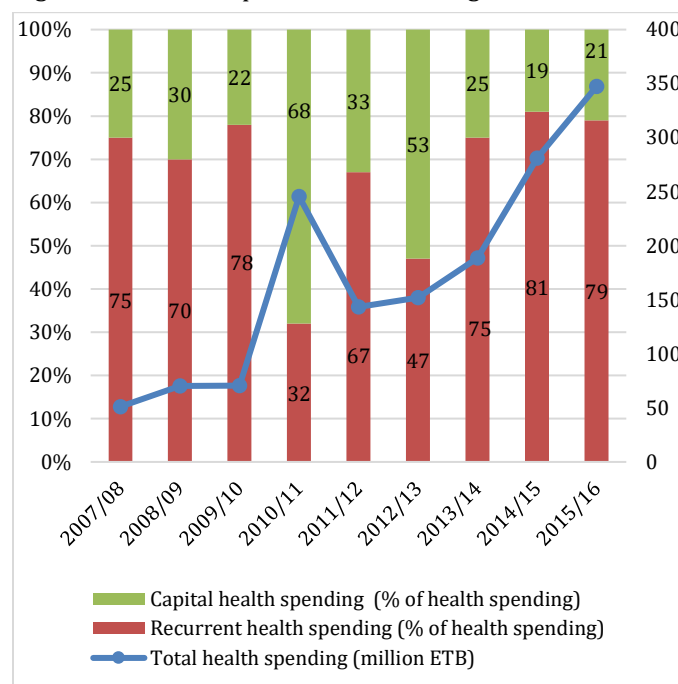
Source: Central Statistical Agency (CSA); Demographic and Health Survey (DHS)-2005, 2011 and 2016.

Health and Nutrition Sector Spending in Afar

Afar's aggregate regional spending on health care services has increased nearly seven times from ETB 51.1 million in 2007/08 to about ETB 347.4 million in 2015/16, showing an annual average growth rate of 43.3 per cent (Figure 12). Approximately 19 per cent of the regional poor expenditure went to health care services

over the last nine years. In terms of types of expenditure, spending in the health sector remained predominantly recurrent (close to 67 per cent between 2007/08 to 2015/16). This implies that the salaries of health staff and other operating expenses have absorbed most of the Afar region's health expenditure. Capital expenditure directed to finance the construction of health infrastructure facilities on the other hand accounts for only 33 per cent of total health care expenditure in the region.

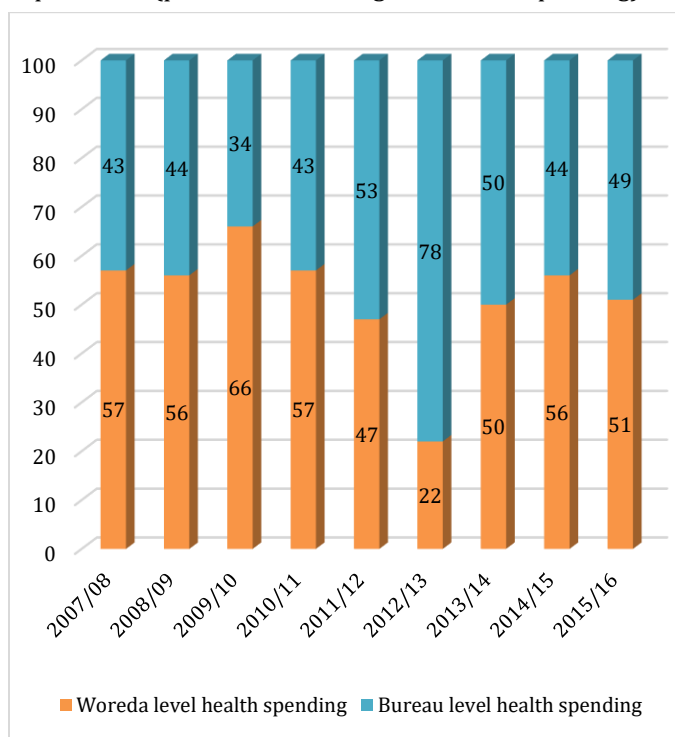
Figure 12: Health expenditure in Afar region



Source: Data from MoFEC.

Over the last nine years, more than 50 per cent of the Afar regional health expenditure was administered by *woreda* (local) governments (Figure 13). This demonstrates the Afar region government's effort to promote health care services at the local administration level and address curative health care services and the prevention of communicable diseases including efforts related to maternal and child health.

Figure 13: Afar region *woreda* and regional bureau health expenditure (per cent of total regional health spending)



Source: Data from MoFEC.

4.3 Water Sector Financing in Afar

Overview of Water and Sanitation Sector in Afar

The Afar regional government has taken steps to improve the sustainability of water supply infrastructure improvements in the region. Despite the remarkable progress made, the quantity and distribution of surface and ground water supply schemes developed in the region are not sufficient to meet the demands of the population. The percentage of households using improved drinking water sources is the second lowest in Ethiopia; after the Somali region. According to the 2011 DHS, about 61 per cent of households in Afar region do not have access to safe drinking water (Table 5).

Moreover, sanitation and hygiene services have not reached the majority of the Afar population. The percentage of households with access to improved sanitation facilities is very low, 4.5 per cent and 6.9 per cent in 2005 and 2011,

respectively. The Afar region also faces a challenge regarding the rate of households using open defecation (79.8 per cent in 2014⁵⁵). Due to the seasonal overflow of the Awash River and flash floods resulting from heavy rainfall in some highland areas of the Amhara and Tigray regions, the Afar region has repeatedly been affected by outbreaks of Acute Watery Diarrhoea (AWD) that have led to many deaths.

Table 5: Selected water and sanitation outcome indicators in Afar region

Key indicators		2005	2011	2016
Households using improved drinking water sources (%)	National	60	50.8	61.6
	Afar	36.8	39.1	---
Households using improved sanitation facilities (%)	National	7.4	8.8	6.7
	Afar	4.5	6.9	---
Households practicing open defecation (%)	National	62.2	38.2	32.9
	Afar	90.2	80	---

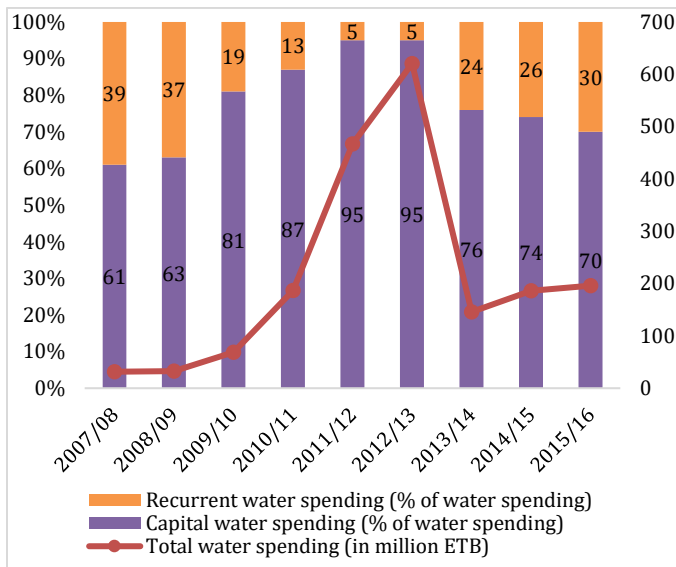
Source: Central Statistical Agency (CSA); Demographic and Health Survey (DHS)-2005, 2011 and 2016.

Water Sector Spending in Afar

Afar's aggregate regional spending on water has fluctuated over the years. In terms of types of expenditure, spending in the water sector remained predominantly capital in nature. Over the last nine years, on average 78 per cent was allocated to finance capital water expenditure (Figure 14). The higher share of water expenditure directed to finance capital spending reflects the existence of increasing funding of longer-term investments including the construction of small scale irrigation schemes, water treatment structures, pumps, and pipe lines. The remaining 22 per cent was absorbed by recurrent water expenditure directed to finance staff salary, operational and maintenance costs.

⁵⁵ Central Statistical Agency. 2014. Mini Demographic and Health Survey.

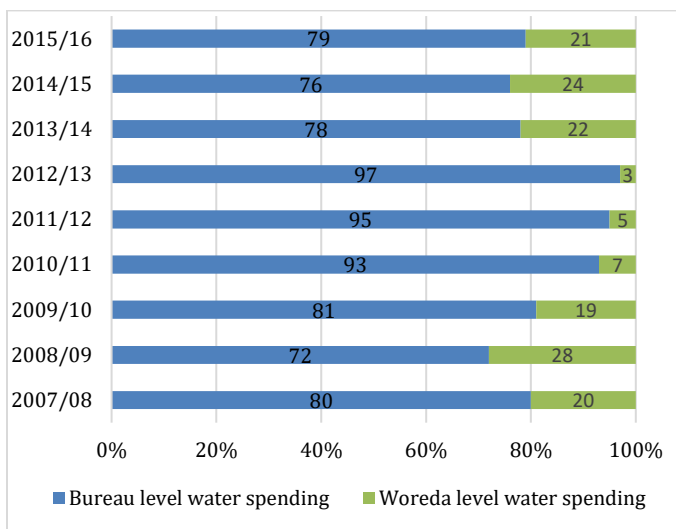
Figure 14: Water expenditure in Afar region



Source: Data from MoFEC

Unlike other sectors, more than 80 per cent of the Afar regional water expenditure was administered by the regional Water Resources Development Bureau, which has played an important role in planning investments and in capacity building at the regional level for the last nine years (Figure 15). The bureau is spending a large portion of its budget on addressing the infrastructure gap that exists in providing safe drinking water and in promoting basic sanitation and hygiene services throughout the region.

Figure 15: Afar region *woreda* and regional bureau water spending (per cent of total regional water spending)



Source: Data from MoFEC.

5. Key Focus Areas

Mitigation and adaptation: The region is subject to increased vulnerability to climate changes, and the shocks destructively affect livelihoods and worsen child malnutrition. The region should mainstream climate change mitigation and adaptation measures into the regional and district development frameworks and build the resilience of pastoralist communities to effectively respond to the risks and challenges of climate change.

Access and quality of education: In the Afar region, Alternative Basic Education centres provide grades 1 to 3 and only a few centres offer grade 4. There are no opportunities to access the second cycle of primary school in remote communities after grades 3 and 4. Moreover, the 2013 National Learning Assessment found that 57 per cent of Afar pupils in grade 4 do not meet the basic reading level and 75 per cent of pupils perform below basic level in English.⁶ The Afar region should put more effort into improving the quality and accessibility of the education system to enhance the on-time participation of students by strengthening the ABE centres and the continuation of flexible education delivery to accommodate the large number of pastoralist and semi-pastoralist children in region.

Continued attention should be given to child and maternal health in Afar: Malnutrition in the region is influenced by the challenges in household food security, feeding practices, health care for women and children, access to sanitation and safe water supply, and scant use of health services by women. Hence the regional government should take strong action to reduce child mortality by putting more focus on maternal, neonatal and child health service delivery. Particular importance should be given to reduce the high rates of stunted, wasted and underweight children under the age of 5.

Water and Sanitation: The quantity and distribution of water supply schemes are not sufficient to meet the demands of the population

⁶ MoE, Ethiopian 4th National Learning Assessment of Grades 4 and 8 Pupils. Data Analytic Report, 2013, p. 68.

in the region. Moreover, the sanitation and hygiene services have not adequately reached the majority of the Afar population. Considering the problem of the scarcity of water and the vulnerability of Afar people to droughts and floods, which are likely to increase due to climate change pressure, additional focus should be given to enhancing the accessibility of these services.

Annex: Afar regional state on-budget records - 2007/08 - 2015/16 (source, MoFEC)

Gregorian Calendar Ethiopian Fiscal Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ethiopian Calendar Ethiopian Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Regional population (in million)	1.4								1.8
Regional Revenue (in million Birr)									
Total regional revenue	513.9	601.8	796.8	1015.7	1768.9	2097.1	2238.1	2615.6	3208.8
Tax revenue	48.7	85.2	106.6	130.5	213.4	261.2	397.9	428.5	518.6
Direct tax	29.7	38.4	45.3	68.2	120.4	143.3	195.6	275.9	330.5
Indirect tax	19.0	46.8	61.3	62.3	93.0	117.9	202.3	152.6	188.1
Non-tax revenue	4.5	6.8	14.7	25.9	32.7	74.7	27.9	21.1	43.6
Regional Block grant	450.1	499.5	639.8	859.3	1021.8	1131.2	1339.9	1698.0	2272.1
MDGs/SDGs support	0.0	0.0	0.0	0.0	501.0	630.0	472.5	468.0	374.4
Foreign loan and grants	10.6	10.4	35.6	0.0	0.0	0.0	0.0	0.0	0.0
Regional Expenditure (in million Birr)									
Total regional expenditure	391.4	563.1	792.4	1686.3	1440.5	1924.1	1990.0	2945.4	3136.4
Total regional recurrent expenditure	310.6	413.4	567.9	615.6	707.7	866.0	1002.7	1571.9	1769.4
Bureau level recurrent expenditure	119.5	165.5	240.4	244.3	302.2	384.6	443.8	659.6	716.8
Salary expenditure	63.5	78.2	114.9	115.7	145.1	163.3	186.4	314.4	333.3
Operations expenditure	56.0	87.4	125.5	128.6	157.1	221.3	257.4	345.2	383.5
Woreda level recurrent expenditure	191.2	247.9	327.4	371.3	405.5	481.4	558.9	912.3	1052.6
Salary expenditure	144.2	173.0	225.9	256.0	301.0	346.7	396.1	685.1	784.0
Operations expenditure	46.9	74.9	101.5	115.3	104.5	134.7	162.8	227.2	268.6
Total regional capital expenditure	80.8	149.7	224.6	1070.7	732.8	1058.1	987.3	1373.5	1367.0
Bureau level capital expenditure	70.8	121.4	181.4	599.1	680.3	984.1	884.8	1253.7	1265.0
Woreda level capital expenditure	10.0	28.3	43.2	471.6	52.5	74.0	102.5	119.8	102.1
Regional Expenditure on the basis of administration (in million Birr)									
Economic services	106	171	199	602	711	970	841	1294	1239
Social services	137	192	218	623	369	535	552	797	1000
General services	149	201	376	461	361	418	597	855	897
Regional Expenditure on Pro-poor sectors (in million Birr)									
Total pro-poor expenditure	203.7	301.3	384.9	1097.6	999.5	1326.6	1225.4	1834.8	1665.8
Total regional agriculture expenditure	39.2	72.1	72.8	263.6	136.9	200.6	507.7	816.5	608.8
Total regional road expenditure	5.8	21.3	41.8	54.5	48.7	43.1	54.2	91	54
Total regional education expenditure	76.1	104.7	131.1	347.1	203.7	310.2	328.8	459.8	459.6
Total regional recurrent education spending	68.0	85.1	95.2	137.7	159.4	198.8	223.2	340.9	365.5
Bureau level recurrent education spending	22.1	27.4	29.3	45.0	52.0	62.3	68.2	91.8	65.5
Salary expenditure	11.4	13.5	16.5	23.3	28.6	32.0	34.1	56.0	33.0
Operations expenditure	10.7	13.9	12.9	21.7	23.4	30.4	34.1	35.8	32.5

Gregorian Calendar Ethiopian Fiscal Year	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
Ethiopian Calendar Ethiopian Fiscal Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
<i>Woreda</i> level recurrent education spending	45.9	57.7	65.9	92.7	107.4	136.5	155.0	249.1	300.0
Salary expenditure	39.8	47.3	55.0	76.5	92.0	115.0	130.0	216.7	261.5
Operations expenditure	6.1	10.4	10.9	16.2	15.5	21.5	25.0	32.4	38.4
Total regional capital education expenditure	8.1	19.6	35.8	209.3	44.3	111.4	105.6	118.9	94.1
Bureau level capital education expenditure	5.6	14.9	25.3	89.1	33.7	89.4	80.6	95.7	77.5
<i>Woreda</i> level capital education expenditure	2.5	4.7	10.5	120.2	10.6	22.0	24.9	23.2	16.6
Total regional health expenditure	51.1	70.2	70.7	245.6	143.5	152.1	188.8	281.1	347.4
Total regional recurrent health expenditure	38.3	48.8	55.2	79.7	96.0	72.1	141.7	228.1	275.4
Bureau level recurrent health expenditure	11.2	14.5	16.0	23.5	33.4	46.0	56.7	79.9	102.4
Salary expenditure	6.4	8.0	8.8	12.0	16.9	19.5	22.5	39.5	51.0
Operations expenditure	4.8	6.5	7.2	11.5	16.5	26.5	34.2	40.4	51.3
<i>Woreda</i> level recurrent health expenditure	27.1	34.3	39.2	56.2	62.6	72.1	85.0	148.2	173.0
Salary expenditure	20.7	25.7	28.9	42.3	50.1	55.6	64.4	117.9	137.3
Operations expenditure	6.4	8.6	10.3	13.9	12.5	16.5	20.6	30.3	35.7
Total regional capital health expenditure	12.9	21.4	15.5	165.9	47.5	80.0	47.1	53.0	72.0
Bureau level capital health expenditure	11.0	16.3	8.2	82.0	42.9	71.9	38.2	45.0	67.1
<i>Woreda</i> level capital health expenditure	1.9	5.1	7.3	84.0	4.6	8.1	8.9	8.0	4.9
Total regional water expenditure	31.5	32.9	68.6	186.8	466.7	620.5	145.9	186.5	196.0
Total regional recurrent water expenditure	12.4	12.2	13.1	23.6	22.8	29.9	35.5	48.4	58.9
Bureau level recurrent water expenditure	6.2	5.0	6.8	12.7	10.1	16.9	19.9	24.5	30.2
Salary expenditure	3.1	2.9	3.6	4.3	4.5	4.7	4.6	6.7	6.9
Operations expenditure	3.1	2.1	3.2	8.4	5.6	12.2	15.3	17.8	23.3
<i>Woreda</i> level recurrent water expenditure	6.2	7.2	6.3	10.9	12.7	13.1	15.6	23.9	28.7
Salary expenditure	3.5	4.6	4.1	6.6	7.2	7.4	8.1	14.4	15.9
Operations expenditure	2.7	2.6	2.2	4.3	5.5	5.7	7.5	9.5	12.8
Total regional capital water expenditure	19.1	20.8	55.5	163.2	443.9	590.6	110.4	138.1	137.1
Bureau level capital water expenditure	18.9	18.9	48.5	160.2	435.1	582.7	94.4	117.6	125.5
<i>Woreda</i> level capital water expenditure	0.2	1.9	7.0	3.0	8.8	7.9	16.0	20.5	11.6



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